

Mr Carter ready to block Europe on Palestine peace move

Mr Carter has warned his allies he will block any move to block the Palestinians in the East peace process or resolution 242 to reinforce Palestinian rights. In Brussels it is now felt the Nine may merely restate their views at their next summit in Venice rather than risk America's veto at the UN.

Second thoughts among Nine

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There had been some progress in the talks between Israel and Egypt, but not enough, he added.

Second thoughts: President Carter's warning to the EEC not to attempt an independent initiative in the Middle East comes at a time when European governments are showing signs of having second thoughts about the wisdom of such a démarche (Michael Horsby writes from Brussels).

A Middle East policy statement is expected to be one of the main items discussed by the heads of government at the next summit meeting in Venice on June 12 and 13. Its contents now seem likely to be less ambitious than previously envisaged.

Most EEC governments feel the Camp David talks are now at a dead end and that no further progress can be made without giving the Palestinians a direct voice in the peace negotiations, through the PLO.

Late diplomacy: The Israeli Government plans to launch a last-minute diplomatic offensive aimed at dissuading the EEC from going ahead with its much-heralded Middle East initiative when European Community leaders meet in Venice later this month (Christopher Walker writes from Jerusalem).

This week, Mr Yitzhak Shamir, the Israeli Foreign Minister, will be travelling to Belgium, Denmark and Holland to put Israel's opposition to the proposed initiative. He will also meet the Foreign Minister of Luxembourg.

Explanation accepted: President Sadat of Egypt apparently accepted an explanation from the Israeli ambassador in Cairo today of a statement made by Mr Begin about Israel's final withdrawal from the Sinai.

Mr Begin was quoted by Israeli radio yesterday as saying Israel would not carry out its final withdrawal from the Sinai in March, 1982, unless Egypt signed an agreement on an international force to supervise the peninsula - Reuters.

Mr Carter also said that his Administration was encouraging the Europeans to intervene in the negotiations "as long as we are meeting and are making progress towards a Middle East peace agreement."

Mr Muskie has already made clear his endorsement of President Carter's views. At his first press conference since taking office last month, he said he was trying to convince the EEC that initiatives by its members would dilute the bilateral talks between Egypt and Israel and could well jeopardize their outcome.

Mr Carter's view is also shared by Mr Ezer Weizman, the former Israeli Defence Minister, who resigned from the Tel Aviv Government last month. In a television interview also broadcast here today, Mr Weizman said he thought the Israeli Government should discourage any new European initiative at this stage.

"We should try and squeeze everything out of the Camp David process and then a new European move would be unnecessary," he said. In explaining some of the differences leading to his resignation Mr Weizman said he thought the Israeli Government should be more willing to move much faster towards Palestinian autonomy in the West Bank and the Gaza Strip.

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Two Arab papers banned from the West Bank

her Walker
ne 1

Government has banned two popular Arabic newspapers from the West Bank because it was inciting the Arabs to take up arms against the Israelis.

The papers, *al-Naba* and *al-Wakeel*, were banned because they were "inciting the Arabs to take up arms against the Israelis."

The ban is part of a series of measures to prevent the spread of violence in the West Bank.

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Beachment in Italy

Communist Party's national expected to call for the of Signor Francesco Cossiga, Minister, who is alleged to have been a suspected terrorist. The initiative to send Signor Cossiga to the constitutional court before the constitutional court require 315 votes. On Saturday a commission voted to send him to the court.

move on cuts

are being taken towards the public sector in an attempt to force the Government to make cuts. The three, the National Government Officers Association, the National Union of Public Employees, and the Confederation of Public Employees, have a total of nearly 1,700,000 members.

l pits warning

Scargill, the Yorkshire miners' leader, has warned that a strike in the coal industry will mean more than 50,000 "unemployed" people.

ew England cap

only new cap in England's history to play West Indies in the Test at Trent Bridge. Three new caps, Knott, Underwood and also included.



Forty years on: Veterans gathering yesterday in Dunkirk before the march-past and ceremonies marking the fortieth anniversary of the evacuation of Allied troops. The number of Africa, Italy and France and Germany stars, as well as the sprinkling of Military Medals and other gallantry decorations, was evidence of how much those who were evacuated contributed to victory. The standard of "Great Little Army" and "Scotland the Brave" must have warmed the hearts of many an ex-drill sergeant. There were a few walking sticks in the ranks as well as six wheelchairs. Thirty-four of the original "band of brothers" crossed the Channel under the escort of Royal Navy frigate HMS Diomed.

TV companies agree to greater restraint on fictional history

By Kenneth Gosling
Arts Reporter

The Independent Broadcasting Corporation has taken action to control the depiction of historical events in "dramatized documentary" form.

Every programme company it controls has resolved to change its procedures to avoid what Lady Plowden, chairman of the IBA, has called "a repetition of the distress" which "A Man Called Hart" caused when it was shown in April.

In a letter to Mr Ian Christensen, the Danish Ambassador in London, Lady Plowden has expressed the great regret of the authority and the programme companies for the offence given by the film to a number of people, some publicly identified, some not.

A copy of the letter has been sent to Colonel Maurice Buckmaster, head of the Special Operations Executive from October, 1941, until the end of the war, who called the programme "a travesty of fictionalized espionage activities."

The programme fell into a category developed in the United States to react to the IBA and with the companies responsible for the acquisition of the film from the United States as part of the Best Sellers series.

It had been recognized, she said, that the film was not subjected to the same processes of editorial scrutiny by the companies to which a British-made programme would have been.

"I doubt very much whether, had the film come from a British source, it would have survived those normal checks."

She was thinking particularly of such programmes as "Hess" and "Burgess," "Philby and Maclean," as well as "Three Days in Seirin," all dealing with subject matter no less sensitive than some of that dealt with in "A Man Called Hart."

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Bonn call to rescue Third World

From Peter Norman
Bonn, June 1

West Germany intends to use the Western economic summit in Venice in three weeks time to focus the attention of the other major industrial countries on the financial crisis facing the Third World as a result of the rise in the price of oil.

It is thought possible that Herr Helmut Schmidt, the West German Chancellor, will suggest that the industrialized countries of the world call on the members of the Organization of Oil Exporting Countries (Opec) to help in a joint effort to alleviate the plight of the less developed countries.

"The figures were frightening after last year's doubling of the price of oil. They are more frightening now," one senior Bonn government official commented, "on estimates that the non-oil less developed countries are facing an oil bill of between \$50,000m and \$60,000m and interest charges of a further \$30,000m this year."

While steadily worsening figures outlining the financial crisis of the Third World are being reported, the Bonn government is also being urged to take action.

London blast may be linked with election in Kuwait

By Stewart Tisdell
Crime Reporter

A delayed action bomb exploded yesterday outside the offices of the Kuwait Oil Company in New Bond Street, London, causing no injuries, some damage and the possibility of yet another terrorist incident provoked by Middle East politics.

The bomb was left tucked into a corner of the doorway to the offices, about 25 yards from Oxford Street, some time after 10.30 pm on Saturday night. The office block, above shops, is used by the Kuwait company, another oil company and a clothing firm. There are also some flats, not apparently in use, and the premises were inspected without incident by a security firm just after 10 pm.

Libya expels Britons

Libya is expelling a group of Britons, including three diplomats, for contravening the original conditions of their employment, the Libyan news agency Jana said yesterday.

Last week the Foreign Office said that Libya had asked Britain to reduce diplomatic staff at its embassy in Tripoli.

This came after Britain's action in persuading Libya to withdraw four people from its London mission earlier last month.

Dearer papers

Prices of three newspapers are increased today. The *Guardian*, by 3p to 18p, the *Daily Mail* by 2p to 10p. The *Sunday Telegraph* went up by 2p to 20p yesterday.

Lord Chalfont

Lord Chalfont returns to the *Times* today. From now on, usually on the first Monday of every month, he will be writing a column on strategic issues affecting the great powers in the 1980s.

Mr Benn steps up the pressure on Labour's moderates

By Fred Emery
Political Editor

Although "Thatcher: bashing" produced a facade of unity at the ill-attended Labour Party special conference in London on Saturday, far more visible was the activist, left-wing alarm that its recent failure in the fundamental struggle for party power and policy-making might be in danger.

The party's centre and right left this field largely to Mr Anthony Wedgwood Benn and his supporters among constituency activists. He wound up the conference with a stirring speech that indirectly repudiated virtually all of what Mr James Callaghan, the party leader, had said in the morning.

But he also seized the opportunity to launch a campaign for meetings over the next three months in every town of every party and every union, perhaps other unions against the leadership's counterattack at the next full conference.

The reversal of the block vote of the Amalgamated Union of Engineering Workers, and perhaps other unions against last year's conference decisions giving the final say to the manifesto to the party's National Executive Committee, and making resolution of Mr Benn's manifesto, is clearly the bogey of the Bennites.

The aim of their campaign, as one said, is to create such pressure that the conference will not dare to reject the reforms.

Mr Benn's prime aim, and the manifesto anti-Callaghan aim of most conference speakers, was not just to oust the Tories, but to install next time a Labour government in the left's own image.

As Mr Eric Heffer, of the NEC, said: "Let us have a Labour government that is dedicated to carrying out our policies as Mrs Thatcher is dedicated to carrying out hers."

Or as Mr Benn wanted to say: "So this Labour comes itself to power and does not just put Labour ministers into office."

Mr Benn, claiming for his vision of socialism much wider support than many people believe, was given his usual standing ovation from the conference.

But Mr Callaghan, making something of a recovery in British politics after his long visit to China, was in defiant mood. He gave no hint of jacking the suggestion of one constituency delegate that he "return to his farm and make way for somebody who might do a better job."

The Leader of the Opposition in his speech manfully defended his MPs from the attack that he knew was to come on their supposed parliamentary ineffectiveness. He repudiated those in the party who sought to get their way outside Parliament by "overthrowing" the rule of law.

"Not in this country," he repeated, "though demands for a new policy of 'old fashioned' deflation" have finally broken inflation, "there will be a growing gulf between the north of these islands and the south and the unemployed urban blacks will be the prey to any demagogue who offers them a way to express their alienation."

On incomes policy he had been adamant. "The next Labour government could only succeed, indeed would not succeed, unless well before the election it had won the unions a settled policy on incomes."

Union leaders largely were unrepentant. Mr Callaghan's only partial support came from Mr Joseph Gormley, president of the National Union of Mineworkers and Mr Leslie Sillitoe, of the Ceramics and Allied Trades, the latter daring to tell the conference that Mr Callaghan's 1978 proposal of 5 per cent would have been better.

Among the themes of unilateral disarmament, proportionality, withdrawal from the EEC and "street corner agitation," which recurred in many speeches, there were some genuine cries of despair.

There was protest about unemployment from Wales, Scotland, Northern Ireland, the North-east and Lancashire. There was scathing comment that even the unions were "selling out" the interests of members in agreeing to redundancies.

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Hundreds join the exodus from rebel island

From Denis Reinhardt
Port Vila, New Hebrides, June 1

An exodus today of government supporters and Europeans from the rebel-held island of Espiritu Santo has failed to relieve tension in the New Hebrides.

At nightfall a police aircraft ferried the island port of Tongoa and estimated that 900 people were on the beach awaiting transport to other islands.

During the past 24 hours, 152 people, including 42 British and Australian citizens, have been evacuated to safety by eight government vessels sent to the island. A government launch with an armed boarding party on board is lying off shore.

In Port Vila, capital of the condominium, ruled jointly by Britain and France, riot police are on standby after government fears of an attempted coup.

As the deadlock continues between Father Walter Lini, the Chief Minister, and Mr Jimmy Stevens, the secessionist leader who is the Flakboy descendant of a Scottish sea-captain, the rebels have consolidated their hold in Luganville, Espiritu Santo's commercial centre.

French sources say that a provisional government of Vanuatu, as the island is known to the secessionist party, Nagriamel, has been proclaimed by a Chief Minister, Mr Alfred Malui, appointed by Mr Stevens.

All communications between Espiritu Santo and the outside world have been cut.

In Luganville, the rebels have commandeered several Government cars and close all streets. The chief of police, eight constables and four civilians, including the district commissioner, are being held. Sixteen other police escaped with their weapons to a neighbouring island yesterday.

In Port Vila, Father Lini, whose Vanuatu Party administration was a two-thirds majority in United Nations-supervised elections last November, has appealed to neighbouring "member states" of the South Pacific Forum for help in crushing the insurrection.

At a meeting this morning with M Jacques Robert, the French resident Inspector General, and Mr Andrew Stuart, the British Commissioner, who jointly rule the country until independence on July 31, the Chief Minister was given assurances that three French paramilitary platoons were on call in neighbouring New Caledonia.

Paris visit: Mr Peter Blaker, Secretary of State at the Foreign and Commonwealth Office flies to Paris tomorrow to discuss with his French opposite number, M Paul Dijoud, possible action to end the rebellion in Espiritu Santo (the Press Association reports).

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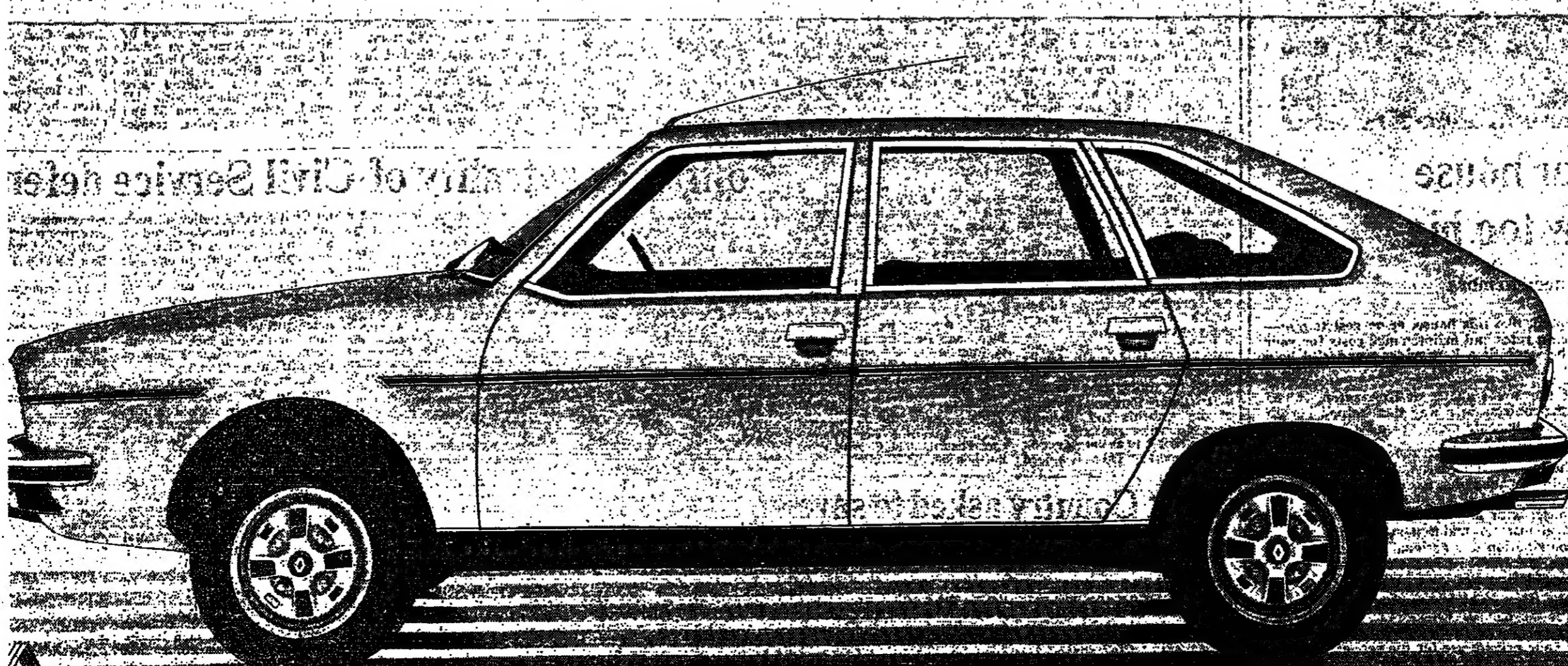
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HOME NEWS

SNP in flinty mood expects the recession to boost its attractions

From Ronald Faux.

It would be easy but unwise to write off the Scottish National Party. The annual conference, which ended on Saturday at Rothbury, showed the SNP in remarkable flinty spirit and good morale.

Many delegates believed the ground for another surge in popularity was forming through the list of redundancies and failed Scottish companies. They clearly thought that recession was affecting Scotland more than the rest of the United Kingdom, and that the SNP would benefit from the resulting discontent.

However, strenuously Mr George Younger, the Scottish Secretary, has been in Cabinet to soften the impact of cuts and restraints on Scotland, the forecasts suggest more bad news to come which could aid SNP propaganda.

It is easier to believe the British parliamentary system is insensitive and centralist when the names of Sloger, Goodyear, Massey-Ferguson and others that have been anchors for employment suddenly and disastrously disappear.

Perhaps those delegates who expect that the party will benefit overlook that the last successful push came during the buoyant years after North Sea oil had made its first impact.

Scottish voters are apt to drop the SNP like a hot coal immediately the economy is badly threatened or there seems a real chance that independence could come.

Witness the severe mauling the party received at the general and district elections and the dubious result of the Scottish referendum. As Mr Gordon Wilson, the party chairman, admitted, credibility may have to be rebuilt brick by brick.

But how will those impatient nationalists react if they find the bricks are small and oddly shaped and the edifice to be built is too large?

Mr Wilson pointed to the "quiet improvement" in support that has been shown recently. The party, thanks to bequests and a canny handling of assets, is in a sound financial state, which the Labour Party might envy.

A big autumn recruiting campaign is planned and Mr Wilson concedes that the SNP would return to a winning position only when credibility was reestablished on a national basis and a swing generated throughout Scotland.

That brings the party hard against the old obstacle of the Labour vote in the west of Scotland, which is now loyally rallied in opposition to Mrs Margaret Thatcher. The dilemma for the nationalists is that with Scottish voters firmly polarized between Labour and Conservative, a gain in one direction would vary likely mean a loss in the other.

Rarely if ever has Scotland swung towards a political party that was in any way unradical or ambivalent.

Unlike the time when the SNP wielded the authority of 11 MPs and could tilt the balance of power, there is no longer any effective influence on government, and with Mrs Thatcher set for perhaps another four years, it is hard to understand why the SNP should feel such optimism unless the party is prepared for a long game.

There was no sign of that at the conference. The speeches were fiercely anti-parliamentary, delegates were baying for independence, with every ill and industrial mishap raked out as ammunition.

There was little suggestion that a more subtle approach to Scottish independence would be taken. The rhetoric was loud and fundamental.

The leadership has come to a prickly truth with the left-wingers of the 79 Group formed to inject a stronger measure of socialist argument into party debate and to tougher response to social issues as public spending cuts and the Government's handling of the economy.

Although no member of the group were elected to the party hierarchy, eight were voted on to the general council and it has clearly established a right to exist and contribute to debate within the party.

Mr Andrew Currie, co-chairman of the group, was satisfied with progress. The SNP was not a coalition of left and right he said, but of those who put independence first and relegated political issues to after-independence, and the "new Scotland" socialists who believed that independence was needed as a tool to create a better kind of Scottish society.

The mainstream of Scottish nationalism flows with the "independence first" group, but the 79 group see a value in being able to tackle Labour on political debate.

The struggle in Scotland is between Labour and the nationalists, and if you are going to attack them effectively you must appreciate and understand in detail how the Labour Party and the trade union movement work.

Mr William Wolfe, former SNP chairman successfully challenged Dr Robert McIntyre in the ballot for party president. Mr Wolfe, chairman for 10 years, polled 283 votes and Dr McIntyre 228. The office had been held by Dr McIntyre for 22 years.



The shattered frontage of the Kuwait Oil Company's offices in New Bond Street, London, where a bomb exploded early yesterday.

Games boycott medals awarded

By a Staff Reporter

Two British athletes won gold medals yesterday without even raising a sweat. They were honoured not for sporting feats but for deciding to boycott the Olympic Games in Moscow.

The medals, carrying the motto "honour before glory" and showing the five Olympic rings covered with barbed wire, went to Christopher Stewart, the long-distance runner, and Ian Wald, the wrestler.

Gold medals were also presented to three bodies which have decided not to compete in Moscow, the British Equestrian Federation, the Royal Yachting Association and the Great Britain Hockey Board.

The presentations were made in London by Sir Frederic Benbow, Conservative MP for Torbay and chairman of the protest group, National Campaign Olympic Games, Moscow Objectors,

which uses the acronym, Nago.

The medals were provided out of donations received by Nago, including £1,000 from a Swiss industrialist and several three-figure cheques. The balance of the money will help sporting bodies not competing in Moscow to stage alternative events.

A silver medal was presented to Mr Thomas Rodd, a news-agent from Enfield Lock, Middlesex, who refused a £3,000 holiday in Moscow for himself and his wife which he won in a competition. Sir Frederic said Mr and Mrs Rodd were being offered a holiday elsewhere and Nago would provide some spending money.

Another view on participation in the games came yesterday from Mr Tam Dalyell, chairman of the foreign affairs group of the Parliamentary Labour Party. He asked why an athlete

or athletic body should feel bad about going to Moscow when the German government had just signed a new 25-year economic agreement with the Soviet Union.

Speaking in his constituency, West Lothian, Mr Dalyell challenged the West German economic minister to justify signing an agreement on chemicals, electrical engineering and machinery with the Russians and at the same time supporting pressure on athletes not to go to Moscow.

If it was legitimate for Krupp and the German chemical industry to continue "business as usual," how could Europeans suggest to Steve Ovett and Sebastian Coe that they should refuse to compete in the Olympic Games? What was sauce for the commercial goose was also sauce for the sportsman's gander.

Tests on boy who may have typhoid

From Our Correspondent

Lanark

The result of tests, expected today or tomorrow, should show whether a boy aged three has become the second typhoid patient in Lanarkshire, Scotland.

An investigation was started when it was found that a Pakistani youth aged 19 has the disease. He is in the isolation unit of Monklands District General Hospital, in Airdrie, after being taken there last week.

Lanarkshire Health Board is waiting for the results of tests on the youth's nephew. Both recently returned from a holiday in Pakistan and it is thought the disease could have been contracted abroad.

Routine tests are also being carried out on their families, but doctors say that so far no one else has shown signs of having the disease.

Dr William Thomson, chief administrative medical officer of the health board, said it was not thought that the boy has typhoid, but the board would not be sure until the full results are given.

"The youth in hospital is not causing too much concern, and we are carrying out tests on his family. If they show no signs then it is highly unlikely that anyone else close to him has contracted it."

Dr Thomson urged anyone who has returned from abroad and has a bowel or other complaint associated with typhoid symptoms to see their doctor immediately.

Filipinos protest over deportation threat

By Lucy Hodges

A group of Filipinos marched through London yesterday to protest at a recent ruling which means many of them could be deported as illegal immigrants.

Most have lived and worked in Britain for years and some have been granted settlement rights, but because of a recent Court of Appeal decision they are now classified as illegal immigrants.

The reason is that they did not tell the authorities they had young children when they arrived.

It is not known how many Filipinos are involved but they are believed to number more than 100. Most are women recruited by agencies in the Philippines to work as maids or cleaners in hospitals, hotels and private homes.

According to the Migrants Action Group, which has banded together on behalf of them, many were either ignorant of the Home Office rule that they must disclose the existence of children in their applications for work permits, or were the subject of organized deception by overseas employment agencies.

Permits for resident domestic workers are issued only to people who do not have children aged 16 or under. Last November the Court of Appeal ruled that the failure to disclose the existence of children was a deception, whether or not the person was aware of the rule.

The action group says the Home Office is applying the rule retrospectively, even though it has allowed children of other mothers in similar circumstances to join them.

A recent independent television programme, *The London Programme*, showed that visa application forms used for many years by the British embassy in Manila did not require the applicant to reveal the existence of dependent children unless they were accompanying the parent to Britain.

It also found that in many cases the work permit applications were filled in, not by the women concerned but by the employment agencies acting on their behalf.

Pressure groups as well as MPs of all parties and the Roman Catholic hierarchy are petitioning the Home Office to allow the women to stay on because of their hard work and the lack of indigenous domestic help.

Mr Alberto Petross, of the action group, said that he had 700 and 800 signatures had been collected for presentation to the Home Secretary.

"If the Government can grant an amnesty to the companies who broke economic sanctions against Rhodesia, I do not see why they cannot now grant an amnesty to the Filipinos who have unknowingly contravened the United Kingdom rules," he said.

The protesters pointed out that they are referring to a small and finite group of women who have saved up enough to provide accommodation for themselves and want to bring their children here.

GPs' rheumatology training inadequate, report says

By Annabel Ferriman

Health Services Correspondent

Although a quarter of the people who go to a family doctor consult him about rheumatic complaints, the training of general practitioners in the disease is inadequate, a report from the Arthritis and Rheumatism Society says today.

Expert advice from the hospital services is also less available than it should be, since 17 of England's 90 area health authorities are without a consultant rheumatologist, it says.

The report, published at the start of arthritis week, recommends that medical schools provide more imaginative teaching in rheumatology and devote more time to it so that family doctors can provide a better service.

Support services for general practitioners should also be improved. They should have access to investigative facilities and more help from nurses, health visitors, social workers and remedial therapy.

Patient care suffered not only from inadequate family doctor advice but also from long delays for orthopaedic surgery.

Dr Colin Barnes, chairman of the Arthritis and Rheumatism Council's executive committee, writes in an introduction to the report: "There is a need

for a sense of urgency to accelerate the processes by means of which every sufferer might receive effective and sympathetic treatment without undue delay."

The report states that a high proportion of people will experience some form of rheumatic disorder during their lifetime. About 5 per cent of those between the ages of 16 and 44 have a rheumatic disorder, as well as 23 per cent of those between 45 and 64 and 41 per cent of those aged 65 and older.

About six million suffer from either rheumatoid or osteoarthritis.

"High rates of spells of rheumatic disease were recorded in the northern region, Wales and Yorkshire-Humber, and above average rates in Scotland and East Midlands.

In contrast, well below average experience was reported from East Anglia and the South-east."

The report by Dr Philip Wood and Dr Elizabeth Bodley, of Manchester University, says that many sufferers experience a high degree of dissatisfaction and disillusionment with their treatment.

Arthritis-Treatment in General Practice (Arthritis and Rheumatism Council, 8/10 Charing Cross Rd, London, WC2H 0BN).

West Country asked to save water as drought goes on

Thousands of leaflets and stickers bearing the message "Use water wisely" are to be distributed throughout the West Country to try to avoid a repetition of the 1976 water shortage. The West Country remained mainly dry at the weekend.

The South West Water Authority is asking hotels, guest houses, banks and offices to display the message prominently.

Nearly 200,000 people in Devon and north Cornwall are affected by a hosepipe ban, and some river levels in the region are as low as they were at the same time in 1976.

The water authority said that if people economized it would help to avert further measures that might be necessary. If the drought continues, the authority, which is to meet on Wednesday, may soon have to apply for permission to reduce flows from reservoirs.

The official whose name is being kept secret, is a member of a machinery of government working party established by the Fabian Society to advise a future Labour Government on how to implement its policies more effectively.

In what appears to be a direct reference to difficulties experienced by Mr Wedgwood Benn and his officials at the Department of Industry in 1974-75 and the Department of Energy 1975-79, which have been referred to publicly by Mr Benn and Mr

Brian Sedgmore, his former parliamentary private secretary, the official writes:

"The conspiracy theory of civil servants working against left-wing ministers does not stand up... it is also doubtful if the Civil Service as a whole has a conscious political position of its own to defend."

A future Labour Government, he says, will depend heavily on the cooperation of the Civil Service. Any change, therefore, must be accepted as reasonable by Whitehall.

"There cannot be a wholesale replacement of the top ranks of the Civil Service—the replacements are not there... and change must be carried out in a way which will not lose public confidence in the administration of government," he explains.

The official, whose name is being kept secret, is a member of a machinery of government working party established by the Fabian Society to advise a future Labour Government on how to implement its policies more effectively.

Capital taxes cut art loss compensation

By Frances Gibb

The loss of an outstanding collection of Chippendale furniture and several Old Master paintings in a recent fire at Nostell Priory, near Wakefield, will cost the owner, Lord St Oswald, several thousand pounds under a law by which the insurance claimed is subject to capital taxes.

The fire at the end of April is estimated to have caused more than £500,000 of damage. It destroyed one room for which Chippendale, who was an estate carpenter, had designed the furniture, and damaged the contents of adjoining rooms.

Mr Derek Winn, brother of Lord St Oswald, said: "These taxes are very unfortunate from the public's point of view. They are the ones who will lose out, because after paying up we shall not have the money to replace the furniture and paintings with comparable items."

In addition the insurance claimed in such cases did not always match the value of works lost. "With many private house owners, it is 10 to one that the works will be undervalued, because people simply cannot afford the huge insurance premiums."

Nostell Priory, an eighteenth-century mansion which attracts about 75,000 visitors a year, was taken over by the National Trust in 1952. The trust is responsible for the fabric of the building and the family for the contents.

It is acknowledged to have one of the most important collections of furniture in the world. Among pieces destroyed were a set of six ribbon-back Chippendale chairs, a huge pier table and a pelmet, all made both designed by Adam and made by Chippendale, a mirror-fronted cupboard, a

bow-fronted cupboard, several different kinds. The paintings include large works by Poussin, Elsheimer, a Van Dyck of Henrietta Maria, a Lorrain and a Ruissdael.

Mr Andrew Faulds, MP for Warrley, East, has raised the issue. In a written question to the Chancellor, he will ask from both capital gains and capital transfer taxes, ceases of any insurance or indemnity claim from loss or damage of art.

The works in question, says, are those on public in houses, national and local museums and on loan to government buildings or public exhibition abroad. It would be that the proposed amendment, if approved by the Standing Commission on Museum Galleries.

Changes in the law are called for by the group, *Heritage in Danger*, which has been set up to do a survey extra that a large share of the cost of insurance or indemnity is taken by the Exchequer, but the public, but the co-general, if these were exempted.

It is understood a Treasury is considering to the law, and the lobby is hopeful that it will be amendments to the Bill.

Some art owners into value of their paint insurance purposes, account of the cap, they will have to pay is a loss.

Gas engine goes on show today

By Our Motoring

Correspondent

The Talbot Motor Company has developed a liquefied petroleum gas engine based on the 1600cc petrol unit used in the Avenger and Sunbeam cars. It is being shown for the first time today at an exhibition in Birmingham.

The engine can run either on liquefied petroleum gas alone or gas and petrol alternately. Talbot expects that it will be used mainly for industrial purposes, as in forklift trucks, pumps and generators, and says there are no plans to offer the engine in cars.

A liquefied petroleum gas conversion is offered on some Volvo cars. The fuel is cheaper than petrol because it attracts a lower rate of duty, but is less economical.

A new bank, run by the unions, to help investment in British industry was also proposed after a meeting of the Trade Unionists for a Labour Victory organization, held before the special party conference on Saturday.

Mr Clive Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staff, said the wealth of the trade union movement was at present ill-deployed and inadequately marshalled. The bank would be a commercial and hard-headed venture.

The fifth regional final of the Curry Sack/Times national crossword championship at Chester yesterday, attended by 101 competitors, was remarkable for the appearance in the championship of Mrs of Bares, Armitage, a schoolboy, aged 15 from Stockport Grammar School, who but for a slip of the pen would have qualified for the national final.

Only one competitor achieved maximum puzzle points of 124 for the four puzzles, Dr John Sykes, lexicographer, of Stevenage, five times national champion. He scored 87 time bonus points. The runner-up was Mr Eric Rodick, of Armitage, a retired tutor and the 1978 national champion, with 123 puzzle points and 61 time bonus points.

Prizes were also presented by Mrs Lindsay Ramsey, on behalf of Curry Sack Scotch Whisky, to Mr John Brightley and David Armitage, who achieved third and fourth places with 123 puzzle points each and 53 and 50 time bonus points respectively.

Countrys outlook is gloomy

By Our Planning Repor

t

A generally gloomy picture of the past decade and prospect for change better in the 1980s by the Council for the Rural England annual report, published today.

Among the causes it cites the further decline of fine countryside roads, notably in the north and the deterioration of the Peak National Park and of Edge; the continuation of the Trent valleys for agriculture and the loss of wetland lands and open hillside farms, and the loss of the countryside in agriculture.

The report also explains that the Government appears to be moving from the view that a densely populated countryside requires inter policies on land use, towards a reduction in the number of people in the countryside.

On energy the country is disturbed at the emphasis on the use of nuclear power, involving the construction of more and larger power coal mines, gas term power plants.

"Far more stress is laid, in our view, on the use of primary energy through more stringent measures and increased efficiency in the use of energy in every part of the economy," it states.

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LABOUR PARTY CONFERENCE

Thatcher course reckless, Mr Callaghan says

Benn pledge on return to full employment

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discussion had ead statements to e sion had been a map forward at the Thatcher- out at the moment and the government committee of Saturday Miss Joan Maynard, MP for Sheffield, Brightside, said: "The decisions at the last conference to extend democracy are in danger."

"They are in danger because some people in our movement are opposed to democracy. There are those who would like to maintain the parliamentary domination of the movement."

Spelling out the aims of the mobilization campaign, Miss Maynard said: "We must defend mandatory reselection, we must defend the national executive committee, which must elect the manifesto, and the party must elect the leader."

"What we want is a parliament- ary party pledged and determined to put the policies of the Labour Party. That would be a fundamental alteration in British politics."

The mood of the rally was distinctly hostile towards the right. Miss Morrell described the members of the right-wing Campaign for Labour Victory, which had been mounting a vigorous campaign against the constitutional changes proposed by the left, as "our opponents" and said: "Their conduct has been absolutely appalling."

Mr Reginald Race, MP for Haringey, Wood Green, attacked the Campaign for Labour Victory and right-wingers within the Parliamentary Labour Party and the trade union movement for

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The British people were being made the victims of a confidence trick. Mr James Callaghan, leader of the Labour Party, said when he opened the debate at the party's special one-day conference at the Wembley Conference Centre, London, on Saturday.

The conference was called by the national executive committee of the party to approve its statement, *Peace, Jobs, Freedom*.

Mr Callaghan said that the people's trust had been secured 12 months ago by a swindle and that trust was being abused. The country was in danger from a Conservative Government whose policies were undermining whole sectors of industry, weakening whole communities and injuring the weakest when they needed help the most.

"They claim," he went on, "that such policies are inevitable. That is a lie. They are not."

"And it is for this conference today to alert our fellow countrymen to the fact that there is a way forward when the policies break down, as fall they will."

He said that democracy relied on the impact of public opinion on Parliament. In the press and in the street, the public opinion was the party's task to harness that public opinion so that the Government felt the full blast. So far they had had precious little help from the press.

With certain honourable exceptions, the press was not presenting fairly and in an

Conference report by Robert Morgan, Derek Barnett and Stephen Goodwin, of our Parliamentary Staff.

unbiased way the serious doubts that existed about Government policy. Instead there was an uncritical adulation of the Prime Minister and all her works, concealing for the moment the serious consequences of the Government's policies.

Even members of the Government had the gravest doubts about her policies and some ministers were resigned to their failure.

There was an alternative. "We oppose the Tory policies of despair with the politics of hope, the cause of democratic socialism," he said. Mr Callaghan went on to make a bitter personal attack on the Prime Minister. "I do not normally make personal attacks," he said, "but I intend to make an exception in the case of Mrs Thatcher because what she is doing is suffering from the direct consequence of her personal policies."

"We know that there are doubters in the Cabinet even though they have not spoken out clearly, but it is she who is driving ahead herself in a reckless, dogmatic and self-opinionated manner."

"She can hardly conceive that she could be wrong, and the strength of her opinions is equalled only by her lack of real understanding of some of our problems. While her feel for labour relations is abysmal."

"In international matters she was rescued from the brink of disaster on Zimbabwe indepen-

may hold about participation in the Olympics, the zeal with which she and her propaganda machine pursue those athletes who have decided to go is worthy of a twentieth-century Torquemada. Why should our athletes alone be left to bear the whole brunt of the consequences of the Soviet invasion of Afghanistan?"

"Mrs Thatcher is obsessed about the wrong things. And her worst obsession is that a rigid monetarist policy, together with a reduction in public expenditure, will be the twin remedies that will increase productivity, reduce inflation, ensure lower wage settlements and somehow infuse new life and vigour into British industry."

"And if the result of these policies is social injustice, it means that the seeds of the worst are not met, more unemployment, the destruction of whole communities, then she is prepared to tolerate these things."

Even in her pursuit of legitimate objectives such as a reduction in Britain's overblown contribution to the Common Market, she showed little understanding in her dealings with other leaders of the broader need for economic and political cooperation between them.

In her approach to the Soviet Union she totally failed to comprehend the value of dialogue with the French over the visit of President Giscard, the reality was that the French were keeping their lines of communication open. So were the Americans and the Germans.

"By the absurdity of her approach, Mrs Thatcher has unfitted herself for a similar role," he said.

They did not hear anything from her statement to show she had



Photograph by Sally Soames
Mr Callaghan: "A confidence trick" on Britain.

any understanding of the wide and growing gulf between the rich and the poor nations. Her contribution to one of the greatest problems of the 1980s was to cut the aid programme by 14 per cent in 1983-84.

Labour's objectives were clear: economic recovery, industrial regeneration, full employment. The aim of new investment would be increased to help higher productivity. It would stop frittering away the revenues from North Sea oil.

In fact Labour would establish a North Sea oil fund to be used explicitly to regenerate Britain's manufacturing industry to increase public investment and to make additional funds available to the National Enterprise Board. It would introduce statutory

planning agreements with large companies. The success of the Welsh and Scottish development agencies encouraged them to extend that system to other areas. It would revitalize the regions by setting up, regionally, bodies representing local and national government and both sides of industry, with powers and resources to tackle development problems on the spot.

The programme of Labour included price controls and expansion of industrial democracy. It would work towards a reduced working week together with work sharing to help to cure unemployment.

The formula for the next Labour Government would be: planning plus productivity equals prosperity plus full employment. It would plan for joint ventures with industry. Inflation must be overcome. There must be a more direct relationship between wages and productivity.

In short, the weaknesses of past attempts at incomes policies, they should not overlook the deficiencies of the present system. Labour's objectives would be reached only if they had a settled policy on incomes.

Events such as the Soviet invasion of Afghanistan had caused more alarm about the possibility of war than any in recent years. In nuclear arms the world was running a race between catastrophe and control. A wider group of nations needed to discuss controls. But the Soviet Union should know that Britain wanted peace with them and others. While respecting those who called for unilateral disarmament, he could not agree that they should take an insular view of their responsibilities.



Photograph by Sally Soames
Mr Benn: Britain's right to earn its living.

world slump and a weakened Britain. Government policies were an attack on the young, on the black community, and while this happened they say the dismantling of the welfare state and the emergence of a law and order society where chief constables were supposed to fill the gap left by the horrors of monetarism.

When they returned to power they would inherit a situation as critical as that in 1945. Then there were three million men and women in the services who had to be returned to industry which Hitler had tried to destroy by bombing.

"We shall have", he said "two to three million long-term, demoralised unemployed who have to be put back into factories, not which Hitler had bombed but which Thatcher and Joseph had closed."

He drew some comfort from the fact that so powerful was the message that they were trying to get across, a strong was its gathering power to the House of Commons so that the EEC could not prevent the Government from implementing its policies.

On freedom, it would end the House of Lords, which had been on its priority list since Kadir Hardie advocated it and not much better by having Labour members in it. It would introduce a freedom of information Act, probably the best way to control the Civil Service and other secret power, and shift the balance of power so that Labour came back to power and did not just put Labour ministers in office.

The country was facing a grave situation. There was a deepening

Negotiate from moral strength

The policy document renounced any nuclear succession to Polaris and opposed any deployment of cruise missiles in Britain. Miss Jean Lester, MP for Essex and Sleaford, said in opening the afternoon session on behalf of the NEC.

The document was not arguing for an isolated, self-contained Britain. On the question of missiles and nuclear weapons it acknowledged that Britain was tied up with many other countries, but Britain could take a lead.

Miss Lester did not think it true that one could negotiate only from a position of military strength. One could also negotiate from a position of moral strength, and the moral argument over nuclear weapons was stronger than ever.

"We cannot allow what has happened in Afghanistan to drive us back to the dark days of the cold war; as the Tory Government is rapidly doing", Miss Lester said.

"Detente was never designed to be some grand sweeping gesture that would bring instant peace. It was supposed to be a succession of steps towards disarmament, peaceful coexistence and genuine peace. We must get back on that road."

How far from some delegates, Miss Lester, MP for Leeds, East, said the party could not afford a purely ideological approach if it was to win the next election.

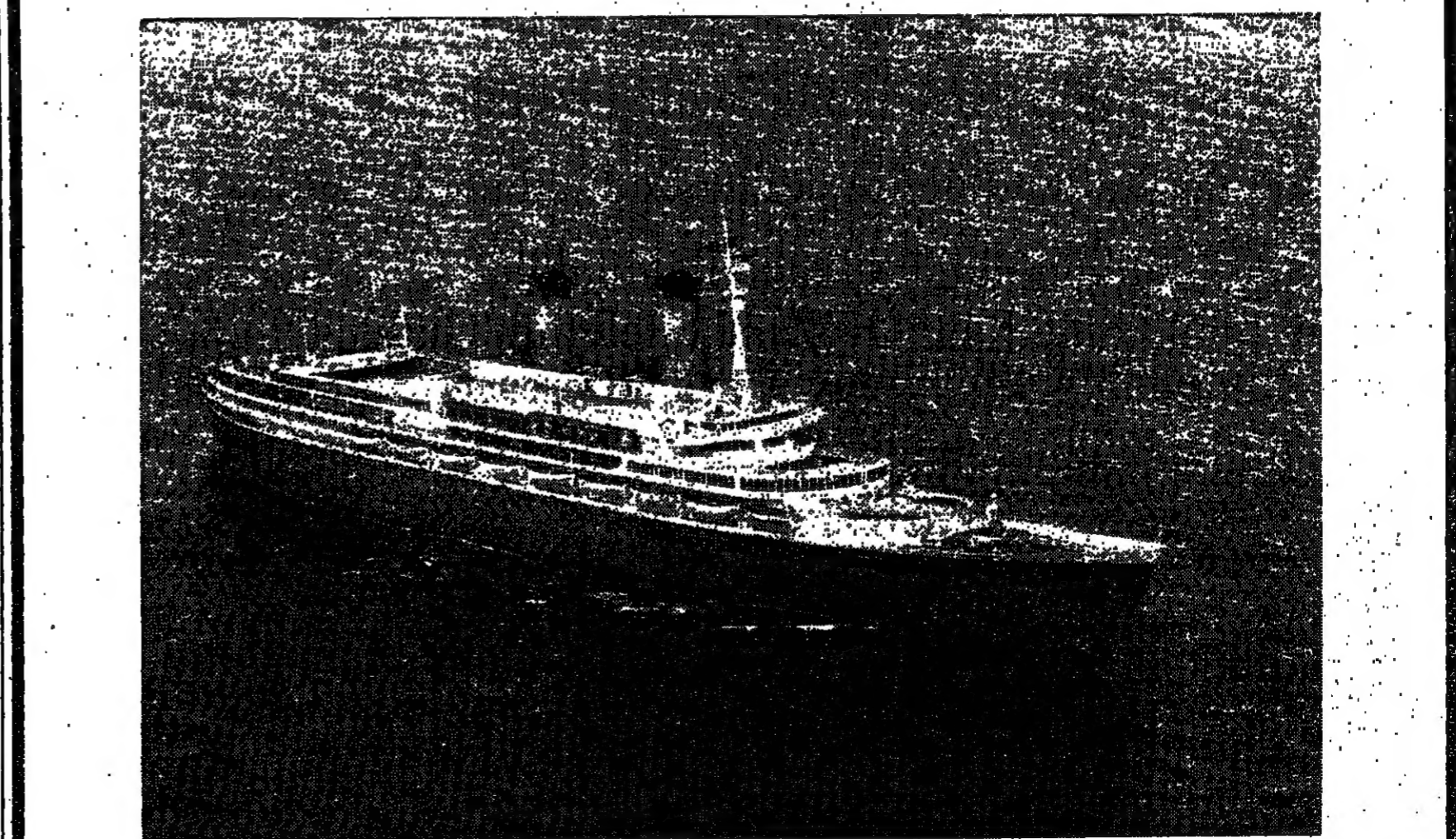
"We certainly will not win it if we follow the advice given by one delegate and sit on our hands and let the Tories take over and stay in power unless every dot and comma of our own party ideology is accepted and put in the manifesto."

"We will not win it if instead of meeting the real needs of the British people we go on ideological ego trips or accept the clapped out dogmas which are being trotted by the toy town Trotskyists of the Militant group."

Shouts of "out, out" had accompanied Mr Healey's progress to the rostrum.

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POSTAL CODE

WEST EUROPE

Reserve and formality fall away as Pope moves among crowds

From Charles Hargrove
Paris, June 1

After the republican pomp and ceremonial of his arrival, the imposing liturgy of Notre Dame and the political contacts and conversations on Saturday morning at the Elysée Palace, the visit of Pope John Paul to France reverted to the pastoral character on which he had insisted.

Its highlights were his encounter with the world of labour and foreign workers in the "red" stronghold of St Denis, on Saturday evening and the "Mass of the people of God" before a congregation of 500,000 at Le Bourget airport this morning.

The formality and reserve which had marked the first encounter with France (after all, this is a dechristianized country with a strong Gallican tradition) gave way on Friday evening to warm and uninhibited enthusiasm which enveloped the Pope all along his journey back to the Nunciature by the river.

It was the same at St Denis, where a crowd of 50,000, including many youngsters and foreign workers, had been waiting in the rain for hours before the historic basilica, former necropolis of the French kings, to give him a rousing welcome.

This grew in intensity and fervour when, by a few words of sympathy, he established, as he knows how to do so well, a sort of intimate personal rapport.

It was the same at Le Bourget this morning. Protected only by a white umbrella, he braved the elements for three hours. He knows how to do so well, a sort of intimate personal rapport.

For what, to him, was this most important meeting with ordinary French men and women, he showed that time was no matter; in spite of signs of fatigue, he even added to the length of the ceremony by insisting on giving communion himself in a large number of sick and handicapped as well as to the 40 children originally selected to meet him.

The power and warmth of his personality and the strength of his conviction seem to sweep all before him—the underlying cynicism of the establishment, the ironical indifference of the Parisian man in the street, the cast-iron certainties of the

communist faithful—however much they try to resist.

This force enables him to take advantage of every event and situation of this historic visit—the word is not too strong for the first voluntary journey of the Pope to the country of the French Revolution—to drive home, allusively but firmly, the lessons he considers necessary for French believers and unbelievers.

Contrary to reports before his arrival he has come not to admonish or to condemn, read the riot act to the Government over abortion, or to the clergy over doctrinal or liturgical deviations, but to encourage and to persuade.

This Pope, widely heralded among the French intelligentsia as conservative and unbending in questions of faith and doctrine, has shown a tolerance on all but what he considers essentials which must enrage the traditionalist disciples of Mgr Léfebvre.

He praised worker priests on Friday and celebrated a "pop Mass" in the Basilica of St Denis—planned by the very "progressive" Catholic Workers' Action—in the accompaniment of guitars, flutes and militant slogans which at times, gave it the air of a party rally.

His entry into the basilica was greeted with a hymn which sounded like a Christian version of the "Internationale"—"people who toil and struggle for a better world: Stand up, arise, the world is in your hands."

Mgr Deroubaix, the Bishop of St Denis, set the tone of the service in his address of welcome. "Our basilica is very beautiful but the workers who built it are worth more than its stones. Yet they are treated far less well."

In the early part of the Mass, a layman said, between verses of the Kyrie: "For profit, our jobs are suppressed, foreign workers expelled, our children are threatened, our children are deprived of a future, and we are not united to struggle."

But outside the basilica, on a podium draped in crimson and backed by a crimson drape carrying, in gold, the slogan of the Young Catholic Workers' Action ("A young worker is more valuable than all the gold in the world") the Pope gave what is probably the most



The Pope says Mass in the rain at Le Bourget.

powerful of the many sermons he has given on this visit.

He exalted maternity and manual labour and implicitly condemned contraception. He gave his blessing to the struggle for social justice and, without naming the communists, condemned those who sought it through class hatred or through "a rigid formula like the victory of a system or a party, rather than the real needs of man."

At the close, in a few simple, impromptu words, which went directly to the heart of his audience, he said: "We have persevered together during this stormy journey through rain and sun; I hope that all through your life it is the same."

After the ceremony, he walked from the basilica between the crash barriers, shaking hands right and left, to a podium opposite where he was cloistered for an hour with worker priests to shouts of "Vive le Pape" and "merci, merci!"

He signed the golden book of his municipality and shook hands with delighted councillors.

At Le Bourget, where he co-celebrated Mass with all the French Bishops, the Pope spoke of the dignity of man and the threat to it through man's "gigantic progress in mastering the forces of the world."

Was this not due to his neglect of the alliance with the eternal wisdom of God, he asked. And was France, that eldest daughter of the Church, faithful to that alliance? Had she not forgotten her baptismal vows?

He raised the question again this evening at the seminary of Issy, just outside Paris, condemning both the "progressive and traditionalists" for the first time in his address to the same bishops and insisting on the "just, that is to say, authentic, interpretation of the magisterium of the second Vatican Council."

Left-winger elected as 'Le Monde' editor

From Charles Hargrove
Paris, June 1

M Claude Julien, the editor-in-chief of the weekly diplomatic supplement of *Le Monde* was today elected editor-in-chief of the daily newspaper, in succession to M Jacques Favet.

M Julien, who is 56, was chosen in the second ballot at a meeting of the 180 members of the Association of Journalists of the newspaper, who are its shareholders, by more than two-thirds majority required by the statutes, against M Alain Jacob, its Fédéral correspondent and his main challenger.

M Julien will not take over the editorial chair until the beginning of 1981, when M Favet, who has been editor-in-chief since 1963, retires. His term of office which started in 1972 when he reached the age of 65 was extended last year for another three years by a small majority.

Though an outsider in the editorial staff, M Julien has steadily consolidated his position since the first ballot last February, in spite of the opposition of a substantial part of the editorial staff. In particular, the two leading departments, home and foreign, were opposed to him.

He joined the staff of *Le Monde* in 1951, as a sub-editor, and in 1959 became deputy foreign editor. A few months later he took over control of foreign news. After a leave of absence from the newspaper for six months, until December, 1972, he took charge in January 1973, of *Le Monde Diplomatique*.

When he takes over he will probably accentuate the independent, anti-establishment and progressive slant which the newspaper assumed after the retirement of its founder, M Robert Ruess-Méry. M Favet took a strong line in favour of the Opposition in recent national elections.

Under M Julien's editorship, the diplomatic supplement has assumed an uncompromising left-wing character, especially in its treatment of the problems of developing countries. M Julien, who is the author of several books, has never made any secret of his convictions. In one of his latest works, *The Day of Despect*, he described the job of a journalist as being against all forms of institutionalized authority.

He has emerged as a strong personality, the man to be stopped for those who do not share his views. But he had the support of the young Turks of the editorial staff of the newspaper who since 1968 have successfully pressed for a more "collegial" definition of the newspaper's policy, and for a greater degree of political commitment.

At the three successive election meetings, which were needed to produce the required majority of votes, M Julien outlined his ideas on the modernization of the newspaper and its supplements needed to face the increased competition and costs, and the guidelines of his future editorial policy.

In his book he asserted that the "journalist cannot share the conception of truth of authority, of the state, of money, of those who shape opinion and who decide. He who attempts to think and to write has no other choice but to reveal what every authority attempts to conceal. This is the duty of criticism of analysis, of understanding and explanation."

M Claude Julien, chosen by journalists.

OVERSEAS

Israel Cabinet dispute over proposals for Weizman successor

From Moshe Brilliant
Tel Aviv, June 1

During sharp exchanges at the weekly Cabinet meeting in Jerusalem today, Mr Menachem Begin, the Prime Minister, firmly rebuffed Mr Ariel Sharon, the Minister of Agriculture, who was campaigning for the defence portfolio in the Israeli Government.

Mr Begin closed the discussion by declaring coldly and unequivocally that negotiations for the reorganization of the Government would continue on the basis of proposal to make Mr Itzhak Shapira, the Minister of Defence and to replace Mr Shamir as Foreign Minister with Mr Yitzhak Mordechai.

However, Mr Begin cannot be sure of parliamentary approval for the moves, mainly because the Democratic Movement for Change, part of the governing coalition, questions the suitability of Mr Mordechai, the Minister of Energy and Infrastructure, to run foreign affairs.

The Prime Minister told the Cabinet he will announce to the Knesset tomorrow that in the meantime he will retain the defence portfolio, which he acquired automatically when Mr Menachem Begin resigned his post as Foreign Minister on Wednesday.

He will also ask the Knesset to reappoint Mr Mordechai Zippori, Mr Weizman's deputy to that position.

Mr Sharon, a general and a hero of the Yom Kippur War, considers himself to be best qualified for the defence post and he carried his campaign to the Cabinet today. He attacked Mr Begin's proposed reshuffle, saying that the security situation was too serious to be entrusted to a novice.

Mr Shamir was a leader of

the Stern Gang in the 1940s and later served with the Israeli secret services in Europe, but he has had no experience in military matters.

Mr Sharon said that Mr Begin would assume a heavy responsibility if he failed to appoint a defence minister who knew the answers to Israel's military and security problems, including the concentration of Soviet tanks in the region and the worsening situation in the occupied territories. Mr Sharon said that he knew the answers.

Mr Begin replied that free countries including Britain and the United States, preferred civilian defence ministers.

The Prime Minister had considered Mr Sharon a suitable candidate for the defence portfolio, but held back because of threats by the Democratic Movement for Change and the Liberal Party to bring down the Government if he was appointed.

Mr Sharon, annoyed by the Prime Minister's tone today and Mr Begin asked him whether he had asked a letter to the press. Mr Sharon replied angrily and criticized the Prime Minister's unbridled attack on Mr Weizman at a party on Thursday night. Mr Sharon said that if he was attacked in that manner he would reply in kind. Both men raised their voices.

An official announcement disclosed tonight that Mr Begin will make a statement to the Knesset regarding Mr Sharon's position on Jerusalem, criticizing the European initiative to amend Security Council Resolution 242, and expressing appreciation for the United States undertaking to veto any such move in the council.

Arab schools and economy affected by clampdown

Continued from page 1

May 3 and in the neighbouring village of Beit Sahur another high school, with 167 pupils, has been shut since May 8.

The schools were apparently closed because the students were suspected of taking part in demonstrations and attacking Israeli vehicles. Three large boys' schools in the West Bank have also been closed since early May.

Parents claim that the closures have damaged the chances of their children securing vital academic qualifications. They maintain that the shutting of whole schools is a blatant example of "collective punishment" but this is denied by the Israelis.

The switch in Israeli tactics has caused a serious breakdown in the strained but workable modus vivendi which had existed between the Government and most of the Arab mayors. What

little contact there has been in recent weeks has usually been to admonish the mayors for breaching the new restrictions on their activities.

Arabs claim that the West Bank economy has been badly affected since the hardline policy was introduced, particularly in towns subjected to long curfews.

The owner of a glass factory in Hebron said that trade had dropped by more than 50 per cent because of the lack of tourists.

"We would like the Israelis to understand the dangerous effect their policies are having on our people, but with Moshe Dayan the former Foreign Minister and Ezer Weizman (the former Defence Minister) gone, there is really no one left in the Government to talk to," one West Bank leader said. "We feel that our only chance is to try to get the world to understand the way we are having to live."

What Resolution 242 said

Resolution 242 of the Security Council, November 22, 1967:—

Affirms that the fulfilment of Charter principles requires the establishment of a just and lasting peace in the Middle East, which should include the application of the following principles:

- (1) Withdrawal of Israeli armed forces from territories occupied in the recent conflict;
- (2) Termination of all claims or states of belligerency and respect for and acknowledgement of the sovereignty, territorial integrity and political independence of every state in the area and their right to live in peace within secure and recognised boundaries free from threats or acts of force;
- (3) Affirmation of the necessity:

(a) For guaranteeing freedom of navigation through international waterways in the area;

(b) For achieving a just settlement of the refugee problem;

(c) For guaranteeing the territorial integrity and political independence of every state in the area, through measures including the establishment of demilitarized zones.

Briton held by Afghan guerrilla

Islamabad, June 1. — A British teacher said today that he had been held captive for three weeks in Afghanistan by Muslim insurgents who killed more than 20 people travelling with him.

Mr Jeremy Norman, aged 30, from Horley, told Reuters that he was threatened with death several times by Afghans who thought he was Russian.

The people killed, suspected supporters of the Kabul Government, were passengers in a convoy of buses and lorries ambushed between Kabul and Kandahar.

Mr Norman was held separately by two guerrilla groups until he was taken to Bala-

chistan province, near Pakistan where he was detained again by a third rebel group for four days.

He arrived in Islamabad last night with injured feet, carrying only his passport and wearing Afghan clothes, given him by the insurgents.

He had walked about 150 miles over mountains from a guerrilla camp about 100 miles from Kandahar.

He had entered Afghanistan on May 9 on his way back to Britain from India. He said his bus, part of a convoy led by an armoured car, was ambushed on May 11.

"About 200 people were rounded up very quickly and

Al Fatah seeks more support in Europe

From Robert Fisk
Beirut, June 1. — Al

Fatah's dominant group in the Palestinian Liberation Organisation, concluded its annual congress in Damascus this week with a promise to intensify armed struggle against Israel and to increase diplomatic efforts to obtain a West Bank.

The congress, which a vote of confidence in Yasser Arafat's leadership, called for increased diplomatic activity by PLO representatives in Canada and Japan.

As usual, the group's statement of intent included a goal of revolutionary change and reiterated its mission to accomplish complete liberation of the land, the liquidation of Zionism, culturally and ideologically, and the establishment of a secular, democratic state with Jerusalem as its capital.

The PLO's supporters that this does not mean Al Fatah is dedicated to the destruction of Israel. It wants an end to Zionism, those who believe in Palestinian state will not take the Israeli state as a comfort from those who will find it easy to accept Zionism as a "new" and "good" idea.

In regard to the references to the PLO's desire for a "new" and "good" idea, the PLO clearly has a new statement of intent, in which it has reiterated its mission to accomplish complete liberation of the land, the liquidation of Zionism, culturally and ideologically, and the establishment of a secular, democratic state with Jerusalem as its capital.

In Western Europe and Canada, it says, it should "intensify action... by making the support of the progressive forces with of curbing, and stopping these countries of the Zionist winning their recon the PLO as the sole representative of the Palestinian people."

In a number of rumours, the congress renounced Mr Arafat's "militaristic" travels. There were at least interesting additions elected council. One of the new members was Mr Sa'ad al-Khatib, the representative in Saudi Arabia.

These appointments movements' increase, for diplomatic influence in Jordan and Saudi Arabia. The Camp David process is in a state of decay.

The statement of the necessity of an "armed struggle" in the West Bank. The PLO has realised that within Israel-occupied territory as opposed to an Israel from across the border, the struggle is infinitely more dramatic.

As always, the group that the Palestinian must remain independent of other Arab powers, names the United States "Enemy Number One". However, American action of the PLO after the election in would be an enormous move for Mr Arafat is likely to endanger the possibility of such a coup action against America just now.

He marched about eight miles. The lead group thought I was and kept hitting me best and jabbing me with his rifle.

"They were carrying a map and shot people who suspected Khalis (Communists members). The next I saw people were me and I heard shoot."

Mr Norman said he was captured on May 14, by another group. He reached P May 24 and was sent to a camp. He was allowed to sign a statement of being treated well—under threat.

Britain likely to accept Brussels deal

By Ian Bradley

The British Cabinet is expected to accept the improved EEC budget settlement negotiated in Brussels on Friday at a special meeting.

Ministers have been considering the settlement, which also involves a 5 per cent increase in farm prices.

After the Cabinet meeting there are likely to be statements in Parliament from Lord Carrington, the Foreign Secretary, and Sir Ian Gilmour, the budget settlement, and by Mr Peter Walker, the Minister of Agriculture, on the agricultural agreement.

Police arrest 20 people as violence flares in Zurich

From Alan McGregor
Geneva, June 1

Stone-throwing demonstrators fought with police last night for the second night running in the streets around Zurich Opera House, apparently in protest at the city council's plans to spend 61.4m Swiss francs (about £15.7m) on renovating and enlarging the opera house.

Several shops were looted in the disorders, which continued into the early morning. Police, who used teargas and rubber bullets, said 20 people had been arrested. Friday night's violence was so marked by looting, and 11 people were arrested.

In directing operations against the demonstrators, many of them teenagers, the 51-year-old head of the police special squad collapsed and died of a heart attack. A number of police were injured.

The protesters maintained that the council's policy is "concentrated on institutions of prestige and has no place for alternative culture." They tried to force their way into the foyer last night, and windows were shattered. They withdrew but further disorders erupted again late at night.

Genscher backing for EEC accord

From Gretel Spitzer
Berlin, June 1

The Bonn Government, though aware of the financial burden arising from the Brussels compromise on British net contributions to the EEC budget, sees its political significance higher than the financial problems involved.

This became apparent today when Herr Hans-Dietrich Genscher, the West German Foreign Minister, commented in a radio interview on the intended veto of Herr Hans Matthöfer, the Finance Minister.

Herr Genscher said that it was really a question of the EEC's competence to act; that this competence was part of

the political balance in the world, that everyone who commented on this question had to bear this in mind.

On the other hand, Herr Genscher showed understanding for the Finance Minister's concern over the financial problem.

He added a warning, however, that the German side should not question the Brussels compromise: "It would be a grave setback for Europe's competence to act and therefore for our possibilities" of acting together in international politics, over East-West relations and in securing peace.

Herr Herbert Wehner, the chief whip of the Social Demo-

cratic Party announcing Herr Matthöfer's intended veto yesterday, said that West Germany was not prepared to let itself be milked like a cow.

Without quoting any names, Herr Genscher said that if the West Germans were a milk cow "we could not deny that the European merger" would "suit us quite well."

Herr Hans Matthöfer's intended veto was strongly criticised by the Finance Minister's colleagues in the Free Democratic Party, two junior partners in the coalition.

In fact the Finance Minister has a right of veto on financial policy decisions. It is, however, a delaying factor only and can be overruled.

Holland celebrates Queen's day with a difference

From Robert Schull
Amsterdam, June 1

Holland yesterday celebrated Queen's Day in the traditional way, yet with an important difference. It was the wrong day and the "wrong" queen.

Queen's Day in the Netherlands is traditionally a combination of national holiday and celebration of the monarch's birthday marked in particular by a procession of thousands of people, representing all aspects of Dutch life, past the royal family assembled on the steps of Soestdijk Palace.

During Queen Juliana's reign the tribute took place on April 30, her birthday. This year, it was impossible because on that day she celebrated and her eldest daughter, Beatrix, was invested as the new Queen.

Public insistence, led to the decision to hold one last procession past the palace, albeit a month later. So the surrounding of what for the past 32

years was the royal residence yesterday presented perhaps the greatest bustle in all those years.

On the steps of the palace were 2,000 people, including some 4,000 people filed past. For many of them and to millions of television viewers who watched a broadcast lasting more than three hours, it was perhaps a more characteristic Dutch way of saying goodbye to Queen Juliana than the pomp of the abdication and investiture.

In a few simple words of thanks the former Queen spoke of "an unbelievably beautiful final word."

Her name will remain linked with Queen's Day.



M Claude Julien, chosen by journalists.

Communists likely to call for Cossiga impeachment

From Peter Nichols
Rome, June 1

The meeting of the Communist Party national executive tomorrow is expected to call for the impeachment of the Prime Minister on grounds that he allegedly helped the escape of a presumed terrorist.

The political crisis, according to one leading commentator, has deepened, it is perhaps the darkest in the 35 years of the republic.

Parliament's commission of inquiry yesterday voted by a majority of 11 votes to nine to close the affair. They had heard Signor Francesco Cossiga, the Prime Minister, and his Christian Democratic colleague, Signor Carlo Donat Cattin, whose son is the supposed terrorist allegedly wanted to leave the country.

They also heard the evidence of Signor Roberto Sandalo, an accused terrorist. His confessions in prison include the allegation that his friend, Signor Marco Donat Cattin, wanted on charges of terrorism in Venice to go into hiding with his father who had spoken twice about him to the Prime Minister.

The narrow vote for not proceeding was insufficient to bring the case to a full stop.

There was still room for a parliamentary initiative by which the collection of sufficient signatures would bring about the Prime Minister's arraignment before the two houses.

They would have to decide in joint session whether to send him for trial before the Constitutional Court. This initiative requires 315 votes. If the Communists decide at their meeting tomorrow to go ahead with this plan they ought on paper to be able to raise the required total.

Signor Carlo Donat Cattin last night resigned as deputy secretary of the Christian Democratic Party.

Signor Cossiga's position is politically much more delicate. In a week, the country votes in regional and local government elections.

He had hoped to receive reinforcement for his tripartite coalition of Christian Democrats, Socialists and Republicans not only to close his chairmanship of the European Council but also to prepare for the two international summits in Venice this month—the EEC and the leading industrialized countries—as well as the official visit here before the second Venice meeting of President Carter.

until June 10 and the commission of inquiry's report is expected to be debated on the following day. He has now to decide whether he should take any decisive step before the elections or await the debate in Parliament.

It is ironic that Signor Donat Cattin is identified as a Christian Democrat with a characteristic reluctance to resign. A reputation he had before events yesterday forced his hand, whereas Signor Cossiga is practically unique in having resigned out of genuine grief and sense of failure when as Minister of the Interior he was unable to save his friend Aldo Moro from death at the hands of terrorists.

A third casualty of the affair so far is Signor Antonio Ghirelli who was summarily dismissed yesterday from his post as press secretary to President Pertini.

The head of state was in Spain while the commission of inquiry was sitting. A remark by Signor Ghirelli taken to represent the president's thinking resulted in dispatches calling for Signor Cossiga's resignation in the event that his full innocence could not be proved.

The dispatches caused anger at the Christian Democratic

headquarters where they were seen as interference by the palace. President Pertini denied making the remark and reinforced it by promptly dismissing his old friend whose business was to brief the press.

The President returned today amid unseasonable hailstorms looking grim and not at all the statesman content that tomorrow he would be celebrating the 35th anniversary of the republic for which he fought so hard.

Two meetings took place last month between the Prime Minister and Signor Donat Cattin on the subject of the latter's son, according to statements made yesterday to the commission.

The younger Donat Cattin is allegedly a member of the far left-wing Front Line terrorist group. He was, and still is, wanted on charges of armed conspiracy. Signor Cossiga told the commission that he informed Signor Donat Cattin that there was nothing more specific than this generalized charge.

He said that this was the first thing that came into his mind to say. The legal point is whether he revealed official secrets.

This is a subject of particular public interest because little more than a week ago a journalist and the deputy head of the security services were given heavy sentences for publishing secret documents.

The majority of the commission accepted the Prime Minister's explanation. The majority also accepted the resignation of Signor Sandalo, the presumed terrorist who confessed, facing serious penal charges including murder, four robberies and four terrorist actions, was psychologically insecure, morally immature, with so-called alleged homosexual tendencies which supposedly brought him into conflict with the Donat Cattin family.

On the other hand, the minority pointed out that his evidence on the subject of terrorism had proved useful and there was no reason to suppose that his account of what he had heard from the Donat Cattin family was less reliable.

An indication of the difficulties facing the election next weekend is that the Social Democrats, who are in opposition, today called for the Prime Minister's resignation. Yesterday at the parliamentary commission they voted with the majority to avoid the Prime Minister's impeachment.

East African leaders to meet for Uganda talks

From Charles Harrison
Nairobi, June 1

The leaders of Kenya, Tanzania, Sudan and Uganda are to meet at Arusha, northern Tanzania, on Friday to discuss the Ugandan situation resulting from the recent coup there.

President Daniel Moi, of Kenya said here today.

He made the announcement in a speech marking the anniversary of Kenya's assumption of self-government before independence in 1963. President Nimeiry of Sudan has recently appealed to the East African leaders for a meeting to seek solutions to some of Uganda's problems. He addressed his plea to Mr. Yoweri Museveni, chairman of the Ugandan Military Commission, and to the presidents of Kenya and Tanzania.

Mr Moi said today he was far from happy with the events in Uganda, and suggested that all the recognized leaders in that country, presumably including the deposed President Binaisa, who is under house arrest, must be involved in seeking a solu-

tion to the country's problems. Kenya, he said, wanted to be a good neighbour to Uganda, and it was in this spirit that he would attend the summit meeting.

Political activity has suddenly come into the open in Uganda for the first time since the 1971 military coup.

After last week's return from exile of Dr Milton Obote, the former

SEAS

President Videla advances no explanation for thousands missing in Argentina repression

Levi, June 1
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President Videla: Supports behaviour of armed forces.

A: We started it in mid-March, with two weekly meetings. The dialogue has been accepted, even by those who could have been more reticent to accept it. All the sectors we invited have accepted it. Some political trends and sectors are missing, but so far those we invited have come.

Q: Are they missing because they have not been invited, or because they will not be invited?

A: Because they have not yet been invited. It is a matter of time.

Q: Peronism will not be excluded?

A: I believe not, absolutely not. Peronism is needed, but their turn will come. The fact that all those we invited have come means, in our view, a confirmation of the attitude of the armed forces when they took power, and of some extent a legitimization of all that the armed forces did ever since. Otherwise we would have had refusal.

Q: Do you intend to establish some time-limits for the political process you have started?

A: No. We said from the very beginning, and we shall continue to say the same for a long time, that the process has some objectives, but no time-limits which can be measured with a calendar or a clock. The final aim is to create a full, authentic democracy, in the period of time that will be necessary.

I can tell you that we believe that we shall have invited all the political trends and opinion sectors by the end of October: this will be a first round. We shall then see whether we have to go deeper, and if the currents of opinion will be taking shape, which may allow the creation of political parties.

Government role of armed forces

Q: In tomorrow's Argentina, what will be the armed forces' role? Will it not be a democracy under tutelage?

A: The armed forces have the role of the protagonists in the process leading to the final target. In future, they want to know what their role will be and they have proposed to the opinion sectors, for their examination, the possibility that the armed forces be "inserted" within a future scheme.

Cor: constitution authorizes the armed forces' participation in government through the military Ministers, but there could be a different form of "insertion". A fully institutionalized command, as the one which would be extremely useful in an age of general violence and terrorist aggressions in the world. Modern democracies must be aware of this danger and adequately protect themselves against it.

Q: Mr. President, coming to Argentina one realizes that the fight against the guerrillas has left many open wounds. A recent statement by the episcopate, as the one which is the most painful uncertainty about the destiny of the disappeared ones, the situations of people detained without a trial, are among the deep causes which prevent a major meeting of the Argentine. These are facts that await without delay a solution which we, as bishops, do not only advise but demand.

I ask you: Can a stable democratic society be built unless

there is a thorough clarification of the events that took place during what you yourself once called "a hard and cruel cycle"?

A: Let me say first of all that it was I who asked the bishops' opinion, so that the light of the gospel could illuminate the dialogue. We do not ignore this aspect of the dialogue. It is obvious that Argentina was attacked by subversive terrorism, and the armed forces met this aggression in a state of necessity, since it was our way of life—a Western way of life—which was challenged.

This led to a real war, which was imposed upon us. Each war is a terrible thing, in itself and its consequences. This war had, as all others, its consequences. It left behind a number of deaths, of disappearance of detained people, but also of heroes and martyrs.

This is the price that Argentina had to pay in order to live in peace, freedom and dignity, as it lives today. The Argentine people has accepted that this was the price to pay, and it is the only judge who can pass judgment upon these events. This is our truth and we do not hide it. This does not mean that, inasmuch as it is possible, we cannot mitigate some sorrows. We do it when possible.

Position of detainees without trial

Q: How?

A: We are first of all examining the position of detainees without a trial. Periodically, I would say weekly, we analyse the position of each detainee and, insofar as it is possible, we deliver him to the courts or we release him, or we give him the option to leave the country. Otherwise, his dangerousness is high, he remains in detention, because a certain percentage will have to stay in jail.

As far as the "disappeared" are concerned, we have started investigations following individual declassification. When there were reasons to provide some explanation, we did it. In other cases there was no reply, because there was no human explanation; if we had it, we would have given it.

Q: Somebody told me that the Government ought to make a peace declaration. There surely are innocents who were crushed in this civil war. There remains a deep bitterness in the country. Somebody suggested a general declaration of guilt, which might create a different psychological situation. Is it possible?

A: We told our truth. There was a cruel process, with death, sorrow and sacrifice, and we do not hide it, as a result of a war upon the destiny of the Argentine nation. It was so and we do not hide it.

But recognizing any guilt, no, under no circumstances, because if there was need to kill, it was never in order to kill, but one had to kill in order to defend some values. War is always sorrow and blood, but when there is a superior cause it is justified. In no way can guilt be admitted.

During the interview President Videla categorically rejected as unjust and false the report by the Commission for Human Rights of the Organization of American States, which made a long and deep official inquiry in Argentina. According to the commission, there were in Argentina "numerous and serious violations of fundamental human rights" between 1975 and 1979.

The commission recommended the Argentine Government to inquire "about those deaths which have been attributed to public terrorism, and to their agents", and to provide information on "the disappeared". The commission accepted a list of more than 5,000 "disappeared" prepared on the basis of individual denunciations by the Argentine human rights organizations. These organizations believe the total number of "disappeared" must be over 10,000. During the repression, according to news published by the Argentine papers, almost 6,000 people were killed in clashes with the armed forces.

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Dialogue at Rhodes hotel postponed until today

Orthodox delegates need time to prepare for talks with Catholics

From Mario Modiano
Athens, June 1

The effective opening of the theological dialogue between the Roman Catholic and Orthodox churches, which was due in Rhodes today, was postponed until tomorrow to give the Orthodox delegates more time to iron out their own differences.

After the ceremonial inauguration of the conference in Patmos, the representatives of the two churches moved to a seaside hotel in Rhodes where they were meeting separately to coordinate their attitudes before the first session of the mixed commission which had been scheduled for today.

The moot point in Orthodox discussions is whether the dialogue should first broach the questions on which there is common ground with the Roman Catholics, or whether, as the conservative Church of Greece suggested, the fundamental differences should first be brought into the open, notably the dispute about the Uniates and Catholic proselytism among the Orthodox.

Earlier there had been fears of a breakdown after an agency

report was published in the *International Herald Tribune* attributing to the Pope a statement that Papal infallibility was not negotiable.

This provoked angry reactions especially among the less enthusiastic Orthodox delegates. Their feelings were soon assuaged, however, when the Catholics, after consulting the Vatican, indicated that no such public statement had been made. It is understood that remarks to that effect may have been included in a confidential encyclical about the controversial views of Dr Hans Küng, the Swiss theologian.

The two committees were set up in Rhodes to coordinate action between the two delegations. They were expected to sit jointly late tonight to consider the agenda and the timetable. The committees will keep the two churches in touch and will study the topics of the dialogue.

There is little doubt that this will be a long process, although Catholic prelates ventured to forecast full communion before the end of the century. Both sides seem conscious of the fact that although the process of reconciliation has progressed

with remarkable speed at ecclesiastical level, it will still take some time for the deeply ingrained inhibitions and prejudices of the faithful to be eradicated.

Perhaps the most meaningful step in that direction were the two services arranged in Rhodes last night and today on the occasion of the dialogue. Roman Catholic prelates officiated last night at a service in the Catholic church dedicated to St Francis of Assisi. It was attended by representatives of all 14 Orthodox churches and patriarchates.

Today, in the Orthodox church of the Assumption in the village of Kremasti, the Orthodox reciprocated. The service, attended by all the Catholic delegates, was conducted by Archbishop Meliton, the special envoy of the Oecumenical Patriarch. During the service, the Creed was recited both in Greek and Latin, without the controversial *Filioque* clause.

More than agreement on such doctrinal subtleties it is this sort of tangible conciliation that is likely to make especially the Orthodox peoples more receptive to the idea of full communion with Rome.

Prisoners of conscience



South Korea: Soh brothers

By Caroline Moorehead

Soh Joon Shik and his brother Soh Sung, both Korean students resident in Japan, were arrested in Seoul in 1971 after demonstrations in connection with the presidential elections. They were charged with espionage under the anti-communist law and the national security law, and are now in prison in Korea.

After finishing their further education in Japan, the Soh brothers returned to Korea to attend Seoul National University. They were then picked up by the Korean Army Security Command. No military evidence was presented at their trial, but the brothers were pronounced guilty on their own evidence, despite declaring that it had been extorted under torture.

Soh Sung, who is aged 34, is now severely handicapped by a brain tumour. He was arrested on his way to work at the authorities blame this on an attempt to commit suicide. He is in Taegu Prison serving a life sentence.

Soh Joon Shik's seven-year prison sentence was reduced to three years on May 27, 1978. He was not released, however, on the grounds that he had not hardened his anti-communist spirit yet. A further two-year sentence, under the public security law, came to an end last week. But our Amnesty International have been informed that Soh Joon Shik is still being held in the Cheongju preventive custody house.

Dissident group arrested in Prague raid

All the members of the Committee to Defend the Unjustly Prosecuted in Czechoslovakia were detained yesterday in a police raid in Prague on the flat of Mr Jiri Ruml, a former journalist, the Patach Press Agency reports.

Those arrested included Mr Ruml, his son Jan and Mrs Anna Sabatova, whose husband and father are serving long-term prison sentences. It is a year since 16 members of the Committee were arrested in a similar raid. Six were sentenced to up to five years. Four of them were released after seven months, but charges of subversion against the state could be revived.

Seoul generals tighten their grip with new security committee

From Jacqueline Reditt
Seoul, June 1

South Korea's inner circle of generals consolidated their hold on the country at the weekend with the inauguration of a military-dominated special committee for security measures.

The 25-man committee comprised 14 generals, three retired military officers, now holding civilian posts, and eight civilians. President Choi Kyu Hah personally chose, nine generals and one civilian while the 16 members were appointed on an ex-officio basis.

The Government spokesman, announcing the new committee, said it was not a legislative or decision-making body. Its role would be to liaise between the civilian cabinet and the military, and to advise the President.

But there is little doubt that from this platform of legitimacy, the military will control all political and administrative activity in the country. The new committee will provide a central vehicle for generals to exercise the power they have, in fact, held since martial law was declared at midnight on May 17.

A foreign diplomat said: "The committee will make little difference internally, but to the outside world it will be a clear indication of the de facto role played by the armed forces."

The committee will be headed by the Minister of Defence, Park Choong Hoon, the Prime Minister as vice-chairman. It will include six cabinet ministers, General Lee Hui Song, the martial law commander, and army chief of staff, and Lieutenant General Chun Do Hwan, the acting director of the

Korean Central Intelligence Agency (KCIA) and army security commander.

The committee will delegate certain matters to a subordinate standing committee of about 30 members which is to be headed by General Chun.

Only members of the standing committee have so far been announced and both are known supporters and friends of General Chun. The general is a firm supporter of the late President Park Chung Hee's authoritarian rule and the strong man behind President Choi's weak caretaker government.

Although he has denied having any political ambitions, his personal power has increased steadily since he led the dramatic arrest of General Chung Seung Hwa, the former martial law commander, last December.

During the recent 10-day uprising in the southern provincial capital of Kwangju, demonstrators made the resignation of General Chun one of their prime demands and the more militant among them even called for his execution.

The martial law authorities have given the official death sentence to General Chun, 170 and President Choi, speaking at the inauguration of the special committee, praised "the patience and restraint" of the army in dealing with the rioters.

But citizens claimed that 261 people died and many residents of Kwangju joined the mass protests because they were angered at the brutality of the special forces paratroopers, once commanded by General Chun, who were sent in to stop student demonstrations.

A statement issued by the United States embassy to the local press but deleted from

Gandhi party is off to good start in elections

From Trevor Fishlock
Delhi, June 1

Mrs Indira Gandhi, the Prime Minister, is winning her battle to gain complete authority in India. Results in the elections for nine state governments show her Indira Congress Party winning three, doing well in five others and losing one.

By late tonight it was clear that her party had won in Gujarat, Punjab and Rajasthan. It was establishing commanding leads in Madhya Pradesh, Uttar Pradesh, Maharashtra and Orissa, and early results showed it was doing well in Bihar. The party lost in the southern state of Tamil Nadu.

Uttar Pradesh and Bihar are the most crowded and politically important of the nine states where elections were held. Until the results of these states are known, there is still some uncertainty over Mrs Gandhi's hopes of gaining the two-thirds majority she needs in the Indian Upper House to prevent it blocking legislation. If she gets this majority, her mastery will be complete.

Byousting so many opponents, Mrs Gandhi has widened and consolidated her authority. Meanwhile, he son,

Sanjay, who directed the election campaign, has strengthened the foundations of his own power base.

Mrs Gandhi dissolved the nine state assemblies in February. They were in the control of parties opposed to her. Because state governments have wide powers they can obstruct or block the central government's policies. Mrs Gandhi would not stand for this. In her view of a united India, the country's huge economic and social problems are best tackled by a strong central government.

In any case she had promised when she was restored to power in January that India would be more efficiently ruled. That could not be achieved in her view if there were dissenting obstructive states.

There was also the matter of patronage. The need to reward those loyal to the Gandhi cause, with positions in the states. With the opposition fragmented and in disarray, Mrs Gandhi seemed certain to do well.

In election clashes in Uttar Pradesh and Bihar on Saturday, about 24 people were killed and more than 150 injured. In all about 50 people have been killed during the election period.

'Spy nest' denounced by ayatollah

Teheran, June 1.—Ayatollah Khomeini tonight harshly criticized "the interference of the United States during the 50 years of the Pahlavi regime."

He claimed that the American Embassy here was a "nest of spies" through which the United States directed Iran. In a message to a conference on United States crimes in Iran, the Ayatollah said: "We have found only a pile of documents proving that the fate of Iranians depended totally on the United States."

He said that Iran could not collect all the documents dealing with the crimes committed by the Shah and his puppets "Agence France-Presse."

Pakistan lawyers in martial law protest meeting

Lahore, June 1.—More than 550 lawyers today defied a government ban by holding a meeting here to protest at martial law orders issued last week which curb the judiciary and amend the constitution.

The gathering was part of a day-long boycott of civil courts, in nearly all 21 districts of Punjab Province. Similar lawyers' strikes were held in Karachi, Pakistan's largest city, and in the neighbouring province of Sind.

Woman and child killed in refinery blast

From Our Correspondent
Ankara, June 1

Two people were killed and 10 seriously injured early today in an explosion and fire at the LPG (liquefied petroleum gas) storage unit at the Batman refinery in south-eastern Turkey.

A woman and her child living near the refinery were killed. Production at the refinery, which belongs to the national oil company TPAO, was stopped temporarily and a special team of investigators from the Ministry of Energy, was sent to Batman. It is not yet known whether the blast was due to an accident or to an act of sabotage.

Hua visit seen as a move away from Korea war risk

Tokyo, June 1.—The visit by Chairman Hua Guofeng to Japan, which ended today, demonstrated Peking's unwillingness to be involved in a new Korean war and the importance of the Chinese place in good relations with Tokyo, in the opinion of observers here.

He announced on the second day of his visit that he had "extremely reliable" information that North Korea would not take advantage of South Korea's political turmoil, especially the events of Kwangju, to launch an invasion, as Seoul had alleged.

China and the Soviet Union are the chief sources of economic aid to the Pyongyang Government, but Peking seriously has no desire for a repeat of the 1950 conflict involving heavy Chinese troop support for North Korean forces after they invaded the south.

A replay of that war would wreck both the stability essen-

tial for China's economic progress and good relations with the United States, observers noted.

Chairman Hua's six-day visit, the first trip to Japan by a Chinese leader of his rank for 2,000 years in the history of either country, was a symbol of the close relations between Peking and Tokyo which were opened in 1972.

Mr Hua was welcomed warmly in the Japanese press. Diplomatic circles said that although his trip had broken no new ground in relations between Tokyo and Peking it had put an official and visible seal on them.

In the economic field, China and Japan signed a major agreement for scientific and technical cooperation as well as an important agreement for the joint development of oil resources in the bay of Pohni. Chairman Hua was clearly impressed by Japan's scientific achievements.—Agence France-Presse.

Mr Lee changes Cabinet with eye on successor

From Our Own Correspondent
Bangkok, June 1

Mr Lee Yew, the Prime Minister of Singapore, reshuffled his Cabinet over the weekend as part of his long-term search for a successor.

The new Cabinet has two Deputy Prime Ministers with Dr Goh Keng Swee, the previous holder of that post and Minister of Education as First Deputy Prime Minister.

The Second Deputy Prime Minister with responsibility for foreign affairs is the ebullient Mr S. R. Rajaratnam, the former Foreign Minister, who has been with Mr Lee since the beginning and who has become almost the embodiment of Singapore foreign policy, and also the outspoken spearhead of the foreign policy of the Association of South-East Asian Nations.

The new Foreign Minister is Mr Suppiah Dhanabalan, previously senior Minister of State for Foreign Affairs. The new Minister of Education is Dr Tony Tan Keng Yam who, previously was senior Minister of State.

The elevation of Dr Tan re-

flects his success in carrying out Singapore's policy of upgrading its education system and confirms his position as a member of Singapore's so-called "gang of five".

no subversive political overtones but merely identifies those chosen by Mr Lee as capable young technocrats who will lead the Singapore of the future with one of them assuming the premiership.

Mr Lee is testing all five with various responsibilities to groom them as potential leaders. The other members of the "gang" are Mr Goh Chok Tong, the Minister of Trade and Industry, Mr Bernard Chen, the Minister of State for Defence, Mr Lim Chee Onn, secretary-general of the national Trade Union Congress, and Mr Dhana-

balan.

Dr Tan, who has been appointed vice-chancellor of the newly-established National University of Singapore, has been largely responsible for the controversial merger of the Chinese-language Nanyang University and the English-based University of Singapore into the new National University.

border traders prosper amid poverty

Ats

morning each day develop on the road. On the he camp, which order with Kam-mer line up laden with pine-apples.

umpuchean, side of ox carts driven posed Kampu-with the oxen shed and the in pools of pea-

e world their have driven a nearest village marker, trading particular day for a week from Penh through robbery by ops, some of the been raped and surviving mem-families. They of what remains people, and the to give them the seed which are survival.

way from the trays queue be-

side the road in the slowly-building heat for their security checks. Thai paratroopers, American M16 rifles slung across their shoulders, search these petty capitalists for anything remotely strategic which could be used by either the right-wing nationalist Khmer Serei or the Vietnamese Army once it gets across the border into Kampuchea. Petrol is what they are mainly interested in but the motor cyclist in front of our taxi has nothing more lethal than ice cream.

Even fellow soldiers don't get through on the road. Overhead a helicopter swings back and forth looking for those taking the easy way through the brilliant green undergrowth and low trees that provide good cover all along the ill-defined border.

Today's traders are bringing a fairly modest selection of goods, but further east brand-new Japanese motor cycles are often traded ending up on the streets of Ho Chi Minh City, as Saigon is now known, at a considerable mark-up. Coca-Cola, bought in Bangkok for 15 baht (about 20p), sells on the border for 30 and in Phnom Penh for 40, and there is no shortage of takers.

Toyota, Datsun and Isuzu pickups in the border hamlets testify to that, but the poor Thais on the border have had their lives disrupted too. Many can only visit their home villages for short periods and getting into the refugee business is the only way to survive.

By midday the traders, the women in long skirts, the men in slacks and rakish straw hats have formed a line 100 yards long. Each trader walks, vegetable or bamboo slung from either end of a pole carried across the back, down the red dust road to the camp of long, low reed and bamboo houses that make up the Nong Chuan camp—the main land-bridge into Kampuchea through which the remaining Khmers are being kept alive through food distributed by the world food programme. It is a remarkable experience to watch the Khmers, weary by days of travel, hump 30 kilo sacks of rice on to their backs for loading on their ox carts for the journey back into Khmer territory.

Today there are 340 ox carts which have tramped from Persar and Siem Reap Provinces for rice and seed. The emphasis is on getting as much rice seed into Kampuchea for planting as the rainy season

begins to try to ensure that there is a good harvest, preventing a repeat of last year's hunger and starvation. It is a slender hope but already the camp coordinators believe that enough rice seed for the entire province of Batakrang has been moved through his camp and there are reports that the first shoots of the new crop are visible in parts of Kampuchea.

It is clear that the land-bridge is more effective than the supplies going through Phnom Penh by air. Reports are widespread that little of these are reaching the people.

If the rains hold off, as they have done over the past week, most of the oxen can pull their mud-spattered loads back to Siem Reap in about five days, or a week if the rains come and there is not too much harassment along the way.

Most of the drivers stay overnight and take on another load of sacks the second morning. What is striking about both the residents and those travelling is their morale. Smiles come readily and most seem to be in good physical condition. But they are, of course, the survivors, those who have managed to live through one of history's most brutal regimes.

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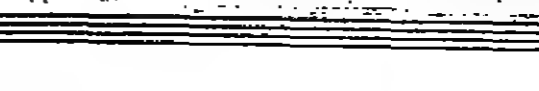
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Secretarial and Non-secretarial Appointments

Handwritten musical notation on a five-line staff. The notation includes various notes, rests, and bar lines, typical of a musical score. The handwriting is in dark ink on aged paper.



Public and Educational Appointments

مكتبة الأصل

SOUTHAMPTON

Invited from persons for the 1980-81 year. For application, please send a letter of interest, curriculum vitae, and three recent photographs to the Director of the School of Education, University of Southampton, Southampton SO9 5NH.

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THE KING'S SCHOOL WORCESTER

Invites applications for the post of

BURSAR

which falls vacant in September, 1980.

The Bursar is responsible for the financial management of the School, maintenance of property and control of administrative staff. Accounting qualifications and a knowledge of mechanical accounting an advantage. Salary negotiable from £8,000 plus expenses.

Full details from the Clerk to the Governors, 5 Edgar Street, Worcester. Applications to be returned not later than 21st June, 1980.

PUBLIC AND EDUCATIONAL APPOINTMENTS

Downing College Cambridge

SCHOOL/TEACHER FELLOW COMMONERSHIPS

The College proposes to elect two School/Teacher Fellows and two Commonerships in the autumn of 1980. The School/Teacher Fellows will be appointed to teach in the College and will be eligible for election to the Fellowship of the College. The Commonerships will be awarded to students who have achieved high academic results in their school or college. Applications should be sent to the Director of Studies, Downing College, Cambridge CB2 3RQ.

University of Leicester

TEMPORARY LECTURESHIP IN ECONOMICS

Applications are invited for a temporary lectureship in Economics for the year 1980-81. The holder of the post will be responsible for teaching and supervising students in the Department of Economics. The salary is £12,000 per annum. Applications should be sent to the Director of Studies, University of Leicester, LE1 7RH.

Independent Schools

KINGSWOOD SCHOOL

Applications are invited for the post of Headmaster for the year 1980-81. The holder of the post will be responsible for the overall management of the school. The salary is £25,000 per annum. Applications should be sent to the Director of Studies, Kingswood School, Bath BA1 2JH.

COMMERCIAL SERVICES

Applications are invited for the post of Director of Commercial Services for the year 1980-81. The holder of the post will be responsible for the management of the commercial services of the University. The salary is £15,000 per annum. Applications should be sent to the Director of Studies, University of Leicester, LE1 7RH.

BUSINESS FOR SALE

Applications are invited for the post of Director of Business for Sale for the year 1980-81. The holder of the post will be responsible for the management of the business for sale. The salary is £10,000 per annum. Applications should be sent to the Director of Studies, University of Leicester, LE1 7RH.

ANTIQUE/ART BOOKSELLERS

Applications are invited for the post of Director of Antique/Art Bookselling for the year 1980-81. The holder of the post will be responsible for the management of the antique/art bookselling. The salary is £8,000 per annum. Applications should be sent to the Director of Studies, University of Leicester, LE1 7RH.

CONTRACTS AND TENDERS

Applications are invited for the post of Director of Contracts and Tenders for the year 1980-81. The holder of the post will be responsible for the management of the contracts and tenders. The salary is £12,000 per annum. Applications should be sent to the Director of Studies, University of Leicester, LE1 7RH.

TENDERS FOR GREATER

Applications are invited for the post of Director of Tenders for Greater for the year 1980-81. The holder of the post will be responsible for the management of the tenders for greater. The salary is £10,000 per annum. Applications should be sent to the Director of Studies, University of Leicester, LE1 7RH.

THE COUNTY HALL

Applications are invited for the post of Director of The County Hall for the year 1980-81. The holder of the post will be responsible for the management of the county hall. The salary is £12,000 per annum. Applications should be sent to the Director of Studies, University of Leicester, LE1 7RH.

PUBLIC AND EDUCATIONAL APPOINTMENTS

PRINCIPAL

Applications are invited for the post of Principal for the year 1980-81. The holder of the post will be responsible for the overall management of the school. The salary is £25,000 per annum. Applications should be sent to the Director of Studies, University of Leicester, LE1 7RH.

University of Birmingham

CHAIR OF OCCUPATIONAL HEALTH

Applications are invited for the post of Chair of Occupational Health for the year 1980-81. The holder of the post will be responsible for the management of the chair of occupational health. The salary is £15,000 per annum. Applications should be sent to the Director of Studies, University of Birmingham, B15 2TT.

Jesus College, Oxford

LECTURESHIP IN HUMAN GEOGRAPHY

Applications are invited for the post of Lectureship in Human Geography for the year 1980-81. The holder of the post will be responsible for teaching and supervising students in the Department of Human Geography. The salary is £12,000 per annum. Applications should be sent to the Director of Studies, Jesus College, Oxford OX1 2JH.

FINANCE & INVESTMENT

Applications are invited for the post of Director of Finance & Investment for the year 1980-81. The holder of the post will be responsible for the management of the finance and investment. The salary is £15,000 per annum. Applications should be sent to the Director of Studies, University of Leicester, LE1 7RH.

COMPANY MEETING

Applications are invited for the post of Director of Company Meeting for the year 1980-81. The holder of the post will be responsible for the management of the company meeting. The salary is £10,000 per annum. Applications should be sent to the Director of Studies, University of Leicester, LE1 7RH.

LEGAL NOTICES

Applications are invited for the post of Director of Legal Notices for the year 1980-81. The holder of the post will be responsible for the management of the legal notices. The salary is £8,000 per annum. Applications should be sent to the Director of Studies, University of Leicester, LE1 7RH.

PUBLIC NOTICES

Applications are invited for the post of Director of Public Notices for the year 1980-81. The holder of the post will be responsible for the management of the public notices. The salary is £12,000 per annum. Applications should be sent to the Director of Studies, University of Leicester, LE1 7RH.

THE LONDON TRANSPORT

Applications are invited for the post of Director of The London Transport for the year 1980-81. The holder of the post will be responsible for the management of the London transport. The salary is £15,000 per annum. Applications should be sent to the Director of Studies, University of Leicester, LE1 7RH.

THE ANNUAL GENERAL

Applications are invited for the post of Director of The Annual General for the year 1980-81. The holder of the post will be responsible for the management of the annual general. The salary is £12,000 per annum. Applications should be sent to the Director of Studies, University of Leicester, LE1 7RH.

Westonbirt School

Invites applications for the post of

HEAD

which falls vacant in September, 1980.

The Governors of Westonbirt School invite applications for the post of Headmaster for the year 1980-81. The holder of the post will be responsible for the overall management of the school. The salary is £25,000 per annum. Applications should be sent to the Director of Studies, Westonbirt School, Cirencester GL7 2JH.

Full details from the Clerk to the Governors, 5 Edgar Street, Worcester. Applications to be returned not later than 21st June, 1980.

PUBLIC AND EDUCATIONAL APPOINTMENTS

University of Edinburgh

TEMPORARY LECTURESHIP

Applications are invited for the post of Temporary Lectureship for the year 1980-81. The holder of the post will be responsible for teaching and supervising students in the Department of Economics. The salary is £12,000 per annum. Applications should be sent to the Director of Studies, University of Edinburgh, Edinburgh EH1 1JH.

University of Birmingham

CHAIR OF OCCUPATIONAL HEALTH

Applications are invited for the post of Chair of Occupational Health for the year 1980-81. The holder of the post will be responsible for the management of the chair of occupational health. The salary is £15,000 per annum. Applications should be sent to the Director of Studies, University of Birmingham, B15 2TT.

University of Newcastle

PROFESSOR OF STRUCTURAL ENGINEERING

Applications are invited for the post of Professor of Structural Engineering for the year 1980-81. The holder of the post will be responsible for the management of the professor of structural engineering. The salary is £25,000 per annum. Applications should be sent to the Director of Studies, University of Newcastle, Newcastle NE1 7RU.

University of Exeter

POST DOCTORAL RESEARCH FELLOWSHIP

Applications are invited for the post of Post Doctoral Research Fellowship for the year 1980-81. The holder of the post will be responsible for the management of the post doctoral research fellowship. The salary is £10,000 per annum. Applications should be sent to the Director of Studies, University of Exeter, Exeter EX1 2JH.

University of London

ELECTRONIC ENGINEERING

Applications are invited for the post of Electronic Engineering for the year 1980-81. The holder of the post will be responsible for the management of the electronic engineering. The salary is £15,000 per annum. Applications should be sent to the Director of Studies, University of London, London WC1E 6BT.

University of London

TEMPORARY LECTURESHIP IN AMERICAN STUDIES

Applications are invited for the post of Temporary Lectureship in American Studies for the year 1980-81. The holder of the post will be responsible for teaching and supervising students in the Department of American Studies. The salary is £12,000 per annum. Applications should be sent to the Director of Studies, University of London, London WC1E 6BT.

University of Birmingham

CHAIR OF OCCUPATIONAL HEALTH

Applications are invited for the post of Chair of Occupational Health for the year 1980-81. The holder of the post will be responsible for the management of the chair of occupational health. The salary is £15,000 per annum. Applications should be sent to the Director of Studies, University of Birmingham, B15 2TT.

University of Nottingham

Applications are invited for the post of Director of University of Nottingham for the year 1980-81. The holder of the post will be responsible for the management of the university of Nottingham. The salary is £25,000 per annum. Applications should be sent to the Director of Studies, University of Nottingham, Nottingham NG7 2RD.

Programme Director: Microelectronics in Education

To undertake the planning, coordination and management of the government-funded development programme on microelectronics in education. The programme is aimed at schools and colleges in England, Wales and Northern Ireland.

The Programme Director will be required to recommend projects to the Education Department, within an overall programme which s/he will plan.

S/he will be responsible for the coordination of projects to meet the Programme's aims, for ensuring their successful execution and, making arrangements where appropriate for their continuation after the withdrawal of central funding. The Programme Director, who will be assisted by a small staff, will be employed by the Council for Educational Technology, and will be expected to take up the post between 1 September 1980 and 1 January 1981. A fixed term contract will be offered for the period ending 31 March 1984. The salary will be in the range £13,282 to £16,726 and will be subject to annual review.

Applicants should have experience of the education system, an understanding of microelectronics and their likely contribution to education, and recent experience of management and administration. Letters of application (no form) should be sent by 29 June 1980 to the Office Manager, CET, 3 Devonshire Street, London W1N 2BA. More details of the proposed development programme are available on application.

COUNCIL FOR EDUCATIONAL TECHNOLOGY

PUBLIC AND EDUCATIONAL APPOINTMENTS

COLEG HARLECH

Residential College for Adult Education

WARDEN

Applications are invited for the post of Warden of this long-term residential college for adult education. The holder of the post will be responsible for the overall management of the college. The salary is £25,000 per annum. Applications should be sent to the Director of Studies, Coleg Harlech, Harlech LL55 2PU.

University of London

FLUID MECHANICS RESEARCH ON THE DAP PROCESSOR

Applications are invited for the post of Fluid Mechanics Research on the DAP Processor for the year 1980-81. The holder of the post will be responsible for the management of the fluid mechanics research on the DAP processor. The salary is £15,000 per annum. Applications should be sent to the Director of Studies, University of London, London WC1E 6BT.

The Queen's University of Belfast

LECTURESHIP/CONSULTANT IN RESTORATIVE DENTISTRY

Applications are invited for the post of Lectureship/Consultant in Restorative Dentistry for the year 1980-81. The holder of the post will be responsible for the management of the lectureship/consultant in restorative dentistry. The salary is £15,000 per annum. Applications should be sent to the Director of Studies, The Queen's University of Belfast, Belfast BT7 1NN.

University of Warwick

POSTDOCTORAL RESEARCH FELLOWSHIP

Applications are invited for the post of Postdoctoral Research Fellowship for the year 1980-81. The holder of the post will be responsible for the management of the post doctoral research fellowship. The salary is £10,000 per annum. Applications should be sent to the Director of Studies, University of Warwick, Warwick CV4 7AL.

University of Otago

EXECUTANT LECTURESHIP OR SENIOR LECTURESHIP IN MUSIC

Applications are invited for the post of Executant Lectureship or Senior Lectureship in Music for the year 1980-81. The holder of the post will be responsible for the management of the lectureship in music. The salary is £15,000 per annum. Applications should be sent to the Director of Studies, University of Otago, Otago 9100.

University of London

APPLIED MATHEMATICS DEPARTMENT

Applications are invited for the post of Applied Mathematics Department for the year 1980-81. The holder of the post will be responsible for the management of the applied mathematics department. The salary is £15,000 per annum. Applications should be sent to the Director of Studies, University of London, London WC1E 6BT.

University of Aberdeen

Applications are invited for the post of Director of University of Aberdeen for the year 1980-81. The holder of the post will be responsible for the management of the university of Aberdeen. The salary is £25,000 per annum. Applications should be sent to the Director of Studies, University of Aberdeen, Aberdeen AB9 8QY.

THE UNIVERSITY OF NOTTINGHAM

LECTURER IN ANIMAL PRODUCTION

Candidates should have an honours degree in Agriculture or Animal Science and appropriate Postgraduate experience for this post in the Department of Agriculture and Horticulture. Preference will be given to candidates who have specialised in cattle production and who have research interests in either dairy or beef production or both. Ref. No. 732.

LECTURER IN EDUCATION

The successful candidate will be required to coordinate the work of the Inservice Education Unit. Applicants should have relevant experience as well as appropriate qualifications. The appointment will be made within the first nine points of the lecturer scale, i.e. £25,052-£27,746 per annum. Ref. No. 733.

LECTURER IN PRODUCTION ENGINEERING AND PRODUCTION MANAGEMENT

The Department wishes to appoint a LECTURER with a good honours degree who has interests in quantitative management or operational research as applied to manufacturing and industrial operations. Professional and/or research experience would be an advantage. Ref. No. 734.

TEACHING FELLOW IN ORGANIC CHEMISTRY

The successful applicant for this Post-Doctoral vacancy will be required to undertake laboratory supervision and tutorial work and to play an active part in research in the Department. Excellent facilities and opportunities are available for the holder. The post is tenable for a maximum of three years. Ref. No. 735.

The salary range for University Lecturers is £25,052-£27,746

and for Teaching Fellows £25,052-£27,746, but with the exception of the Lecturer in Education these appointments will be made within the first three points of the salary scale, £25,052-£27,746.

Further particulars and forms of application, returnable

not later than 23rd June, 1980 from The Staff Appointments Officer, University of Nottingham, University Park, Nottingham NG7 2RD.

DIRECTOR, THOMAS CORAM RESEARCH UNIT IN THE UNIVERSITY OF LONDON INSTITUTE OF EDUCATION

This is a new research unit in the University of London Institute of Education. The holder of the post will be responsible for the overall management of the research unit. The salary is £25,000 per annum. Applications should be sent to the Director of Studies, University of London, London WC1E 6BT.

University of Hong Kong

LECTURESHIP IN TECHNOLOGY

Applications are invited for the post of Lectureship in Technology for the year 1980-81. The holder of the post will be responsible for the management of the lectureship in technology. The salary is £15,000 per annum. Applications should be sent to the Director of Studies, University of Hong Kong, Hong Kong.

The Queen's University of Belfast

SENIOR LECTURESHIP IN LAW

Applications are invited for the post of Senior Lectureship in Law for the year 1980-81. The holder of the post will be responsible for the management of the senior lectureship in law. The salary is £15,000 per annum. Applications should be sent to the Director of Studies, The Queen's University of Belfast, Belfast BT7 1NN.

University of Birmingham

CHAIR OF THEORETICAL PHYSICS

Applications are invited for the post of Chair of Theoretical Physics for the year 1980-81. The holder of the post will be responsible for the management of the chair of theoretical physics. The salary is £15,000 per annum. Applications should be sent to the Director of Studies, University of Birmingham, B15 2TT.

Mander Portman Woodward

INDEPENDENT SIXTH FORM COLLEGE AND RESIDENTIAL SCHOOL

Applications are invited for the post of Director of Mander Portman Woodward for the year 1980-81. The holder of the post will be responsible for the management of the independent sixth form college and residential school. The salary is £25,000 per annum. Applications should be sent to the Director of Studies, Mander Portman Woodward, York YO1 1JH.

YOUNG ENTHUSIASTIC GRADUATES

Applications are invited for the post of Young Enthusiastic Graduates for the year 1980-81. The holder of the post will be responsible for the management of the young enthusiastic graduates. The salary is £10,000 per annum. Applications should be sent to the Director of Studies, University of Leicester, LE1 7RH.

THE TIMES BIRTHS COLUMN

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David Bonavia senses the new mood after years of internal conflict

China today, striving for peace within itself

HONGKONG

Visiting China as foreign secretary some eight years ago, Sir Alec Douglas-Home remarked that it was good to be in a country "at peace with itself".

His observation—valid enough at the time—was all too quickly belied by yet another episode of conflict between the left and right wings of the Chinese Communist Party, leading eventually to the 1976 riot in Peking and the purge of the leftist faction a month after Mao Tse-tung's death in the same year.

Now China is again striving to be at peace with itself—having thrown out the Maoist concept of perpetual class struggle and the politics of internal confrontation backed by an abstruse ideological argument.

The strongest impression gained from travelling in China today is that people are treating each other as human beings first and as political animals second—a reversal of the order Mao sought to impose. The political armistice which has succeeded the long drawn out feuds of the past two decades is obviously welcome.

Mr James Callaghan, touring China and speaking to its top leaders this month, was told that peace was also an external priority—a new tack for a country which over the past two decades has always emphasized the danger and indeed inevitability of war and has scorned détente and disarmament.

The recent ballistic missiles test over the Pacific has shown that China is still set on developing her own nuclear deterrent, in back-up her immense but ill equipped standing army and her huge but technically inferior air force.

The defence aspect of Mao's goal of "self-sufficiency" has been retained—if only temporarily—while the leaders ponder the merits of buying arms from abroad.

On the domestic front, the new stress on peaceful and harmonious social relations is much more in accord with the temper of the Chinese people than was

the Maoist stress on creative conflict. Striving to bring the streets of Peking and other Chinese cities, one can sense the pleasure people take in being allowed to live their lives without constant interference from political campaigns to earn a little more money by exerting themselves more in their work and to raise their children without fear of seeing them smothered away to live in remote rural areas or be turned against their parents by hysterical propaganda about "class struggle".

China still has enormous economic and social problems—for which the most generally effective solution will be better birth control—and daily life is beset with shortages of food, consumer goods, poor housing conditions and special services which are much more thinly stretched than most foreign visitors realize.

But the expectations of the people have been pushed by the economic policy pushed by Mr Deng Xiaoping, the leading vice-chairman of the Party and deputy Prime Minister. The attainable luxuries are no longer limited to watches, transistor radios, bicycles and sewing machines.

It is the restoration of commercial advertising—people want cassette recorders and electronic calculators (most of which have to be wheeled out of relatives abroad), as well as mopeds, sunglasses, face-creams and recordings of popular music from Hong Kong. Most of all they want books and news magazines.

The stigma attached to the enjoyment of small luxuries has disappeared, as has the rigidly exclusive attitude to the products of bourgeois culture. A highlight of the musical programmes offered on the train which now runs direct between Nanking and Canton is "Auld Lang Syne" played on Hawaiian guitars.

Despite the new openness to foreign cultural influences, the leadership is worried about the growth of black markets, espe-



On early morning street in Shanghai: people feel freer now.

cially in foreign currency and imported luxuries.

Steep rises in food prices paid to the peasants last year have caused speculation about inflation, though Mr Deng told a somewhat sceptical Mr Callaghan that this would not occur.

The cash subsidies being paid to urban dwellers to offset the price increases are no guarantee of ample stocks in the state-owned food shops, but the peasants have been granted a welcome degree of latitude to sell their products in the cities at free market prices, which has improved supplies.

The entire tenor of Chinese economic planning now is towards more play for market forces on the Yugoslav model, and for local initiatives by both industrial managers and the leaders of the peasant work teams.

Factories are being encouraged to make extra profits for the benefit of their own staff and workers, which is resulting in a degree of market research hitherto thought unnecessary in a planned economy.

The peasants are being permitted to earn more from their private plots and undertake small production tasks in small groups—sometimes consisting of one family—or even as individuals.

China's economic growth is committed to the success of these new, liberal measures. If they are unsuccessful, and the economy goes out of balance, there will have to be a return to more centralized and directed planning. In the meantime, the Chinese leaders are being careful not to run the country into debt through large foreign loans at the present

high rates of interest, but this does not affect the new enthusiasm for foreign investment.

Expansion of foreign trade and financial links is no longer seen as a disguised sell-out of the Chinese economy to the West.

The enthusiasm for peace and co-operation which dominates present thinking in Peking is as strong on the trade front as it is in foreign relations and internal social policies.

It would be a pity if it went unremarked in Western Europe and the United States, from where the chief impetus for a thorough modernization of China used to come—with the difference that nowadays China welcomes the impetus, rather than seeing it as a permanent condition of mutual deterrence maintained by what is sometimes called "parity" or

The recent flurry of interest in nuclear strategy, reflected in debate in both Houses of Parliament and a measured exchange of initiatives in the correspondence columns of *The Times*, has provided an opportunity for the airing of some familiar prejudices and the solemn restatement of a great number of apparently ineradicable misconceptions.

It was perhaps not altogether surprising that the brief excursion into the complexities of defence policy at Sunday's special Labour Party conference should have been characterized by a dangerously confused and irrational attitude towards the subject of nuclear weapons.

Sober professional analysis has alternated with the most blatant special pleading; the sacred rubric of peace and disarmament have provided the raw material for a rich parade of resounding platitudes; and a most important and authoritative contribution to understanding from Lord Zuckerman, Chief Scientific Adviser to successive governments of various ideological persuasions (*The Times*, Jan 21), has been either totally misunderstood or crucially misinterpreted by an unholy alliance of pacifists and political extremists.

At the heart of much of the passionate correspondence and oratory has been the question of Britain's own nuclear weapons. Although in the overall balance of power these are not of great consequence, their future is clearly crucial to the effectiveness of British defence policy. It is important therefore that any decisions about them should be taken in the emerging strategic climate of the 1980s and not conditioned by the tired and empty rhetoric of "the balance of terror" and "the inevitable nuclear holocaust".

One of the persistent fallacies about Soviet foreign and military policies is that they are a mirror-image of those of the West, based on similar preoccupations with peace, stability and international co-operation. This has led to a series of assumptions which if they prove to be false, may also prove to be fatal.

For example, it has been assumed that the Soviet Union would be content with a permanent condition of mutual deterrence maintained by what is sometimes called "parity" or

Lord Chalfont

Facing up to the dangerous decade

essential "equivalence" in nuclear destructive power. This belief found its formal expression in the American doctrine known as Mutual Assured Destruction—the supposed acceptance by both sides of the proposition that any exchange of nuclear weapons would be so destructive that neither would ever contemplate it.

This led logically to the assumption that within this framework of nuclear deterrence arms control agreements might be designed to improve the stability of the balance and to reduce its cost to both sides in human and material resources. It was in pursuit of this apparently desirable state of affairs that the United States embarked on the Strategic Arms Limitation Talks with the Soviet Union.

According to the received wisdom of this particular interpretation of the international power structure, the basic alternative to arms control is the dreaded "arms race", in which innovations and developments in military technology lead each side in turn to embark on costly and dangerous attempts to reverse the condition of mutual deterrence.

Whether this conveniently symmetrical model of nuclear strategy ever had any real validity is open to question. What is becoming increasingly clear is that its basic assumptions may be dangerously unworkable in the strategic environment of the 1980s. There is considerable evidence to suggest that the Russians, far from accepting the constraints of mutual deterrence, are in the process of acquiring the kind of strategic forces which would enable them to fight, survive, and win a nuclear war.

The evidence is contained in their apparent determination to develop the two basic elements of such a war-winning capability—a counterforce missile armoury and an effective system of active and passive defence against retaliatory attack.

The counterforce theory implies the ability of the Soviet Union to destroy on the ground a large proportion of the American land-based missile force, using a comparatively small proportion of its own. This would make American retaliation on Soviet cities virtually impossible, since the Russians would still have enough nuclear weapons left to inflict millions of casualties on the United States—possibly

three, four or five times more than the Americans could inflict on the Soviet Union.

This imbalance becomes even more critical if the Russians are able to intercept a portion of its nuclear force and to control organizationally a proportion of anti-ballistic missiles (ABMs) and civil defence facilities in the United States.

It can be persuasively argued that all this is the work of the fertile but fevered imagination of theoretical fantasists, that in the real world there is no effective defence against nuclear missiles and that nuclear war would be a mutual annihilation.

The fact remains, however, that the Soviet Union is building a massive military apparatus, a vast network of defence forces, a powerful instrument of foreign policy and a clear realization by the leaders of the political and military power.

Meanwhile, in the United States, a period of a nervous, characterized by a sense of unease and a dangerous to provide a clear effective capacity for military action, has been temporary paralysis.

The result is that a volatile action is now being taken in the period of danger in the 1980s. If so much the danger of war as of the submission of those who are afraid of the will of those who are

It is against this background that the debate about the future of the nuclear arms race should be conducted. Sentiments, like noble prizes, are comforting words, but they should not be regarded as a substitute for the hard work of rigorous intellectual and resolute political action.

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Eric Heffer

Israel: a friendly word

Many British politicians are either passionately pro-Israel or pro-Arab. They leave little room for discussion and compromise and as a result inhibit any serious study of Middle East issues. In my view, Israeli should support Israel's right to live in peace while at the same time supporting in principle the Arab revolution.

It is often and to some extent correctly argued that Israel is an artificial state which should never have been created. Israel does exist, however, its statehood having been recognized by the United Nations, and here it is worth recalling that the Soviet Union was among the first to give it recognition. Yet the Palestinian people also have rights. They do not have a homeland and they should have.

It is this dichotomy between Israeli and Palestinian rights that continually causes Israel's internal political crises and is responsible for the present one. As a critical supporter of the Israeli Labour Party, the election of Mr Menachem Begin as Prime Minister did not fill me with pleasure. He was, and is, a hard-line rightist, extremely nationalistic and influenced by Milton Friedman in economic affairs. Yet he did something which no other Israeli leader had done—to meet the president of Egypt and negotiate a peace settlement between the two countries. He could do this

because he knew that the entire Labour opposition would support him.

It was like Nixon being able to extricate America from Vietnam, de Gaulle withdrawing from Algeria, or Mrs Thatcher reaching a settlement on Rhodesia. Any left-wing government trying to do likewise finds itself with almost total opposition from its right-wing opponents and as a result agreement is rarely reached.

Mr Begin's problem is that while he could get full support for wider peace agreement with Egypt, when it comes to the Palestinians his supporters are more belligerent. Peace between countries is one thing; acceptance of a Palestinian state, nesting on Israel's border, is another. There is also the problem of those "greater Israelis" who claim that Israel's borders should be the biblical ones and who see no reason why more Jewish settlements should not be built on the West Bank, with that area eventually becoming fully integrated into the State of Israel.

Mr Ezer Weizman, the recently resigned Defence Minister, said on Israeli radio that he was opposed to more West Bank settlements, that Mr Begin was dragging his feet over the future of the Palestinians, that a general election should be held and that he was prepared to head a new government.

I do not know Ezer Weizman and therefore cannot judge whether Mr Begin is right or wrong in saying that Mr Weizman has a shallow personality. Whatever his personality, the issues on which he resigned are not issues which he resolved there cannot be real peace in the Middle East.

The crucial question is that of Palestinian autonomy. According to the Camp David accords, May 26 marked the date for the completion of the Palestinian autonomy talks. That date has come and gone and no progress has been made. The talks are in limbo and although Washington was expected to do something positive about restarting them, it has taken no action.

Another great stumbling block is the status of Jerusalem. Mr Begin recently said, as other Israeli politicians had said before, "Jerusalem will remain united and Israel's capital". It is the new law on Jerusalem, which Mr Begin has no intention of revoking, which President Sadat has pointed out is a major cause for the break in the talks.

It is clear therefore that the Middle East could again become an arena for open conflict between Israel and Arab neighbours. At the moment the Arab countries are bitterly divided, but if Egypt should back away from continuing good relations with

Israel, Arab unity could quickly be restored.

President Sadat is hated by other Arab political leaders at the moment precisely because of his peace agreement and normal diplomatic relations with Israel.

My Tory parliamentary colleague, Mr Denis Walters, writing in *The Times* last week, suggested that Europe should step in where the Americans fear to tread. He believes that Europe should start a dialogue with the Palestinians, including the PLO. Without going all the way with him, I do believe that the time has come for those who are friends of Israel, as I am, to do some straight talking to the Israeli Government.

It really is time that the new Jewish settlements on the West Bank be abandoned. It is time Israel recognized that the Palestinians have a right to a state of their own, and if that means talking to the PLO then so be it. It should also be recognized that while Jerusalem is rightly Israel's capital, it must also have international status because of its significance as the Holy City of three great religions.

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It is only 200 years since the Americans threw off the shackles of British rule and it is perhaps the very brevity of their history that gives the American people so strong a romantic attachment to it. Human beings always seem to want what they have not got.

The grandiose auction staged by Sotheby's on the 14th of the last century, when the late Colonel and Mrs Edgar William Garbisch, a well-known collector of American art, brought more money than any previous house sale in America; the American decorative arts alone brought more money than any previous sale of American art; there were more price records for virtually every form of American creativity—furniture, glass, clocks, rugs.

Pokery Farms, the Garbisch estate, is set on the shores of Chesapeake Bay, the woodlands, farmlands and marshlands being virtually surrounded by water. It was bought in 1929 by Walter F. Chrysler, the car magnate, as a hunting lodge. The marshlands are famed for their duck, goose, quail and dove shooting.

It was the Chrysler millions which allowed his daughter Bernice and her husband Colonel Garbisch to realize the American dream at Pokery. Having acquired the property in the late 1940s they began with the house. It took them from 1947 to 1950 to create it, a meticulous evocation of an eighteenth-century Georgian residence. Three old houses in the neighbourhood were purchased and demolished to provide authentic eighteenth-century materials, heart pine for

Breaking all records at Pokery Farms

the floors and doors; hand-blown glass for the window panes.

At the same time they began their collecting, and on the same English scale. Their collection of American naive paintings, said to comprise some 1,500 works, has been bequeathed *in bloc* to the American nation, since the bequest can be offset against tax this helps to resolve the estate duty problem. The Garbischs began to collect native paintings in 1945; 1948 was their bumper year with 480 acquisitions. The house is now a museum of American art, the Chrysler Museum in Norfolk, Virginia, the Baltimore Museum and several others.

But the authentic eighteenth-century house and the paintings also had to be complemented by historic American furnishings. It was these that Sotheby's dispersed in their bumper sale last week, together with large and miscellaneous collection of ceramics, including many "American interest" pieces. Ceramics and needlework were said to have been Mrs Garbisch's pet fancies; the Colonel particularly enjoyed

the paintings and furniture, though the couple collected as a team.

It took two days to disperse the collection of ceramics at Pokery; more had been auctioned in New York the week before, notably a large collection of porcelain and pottery modelled in the form of flowers and vegetables.

The stars of the Pokery sale included a kneehole desk attributed to the eighteenth-century cabinet maker Edmund Townsend of Newport, Rhode Island, at \$250,000, the highest price ever recorded for a single piece of American furniture. A Massachusetts mahogany bombe chest of around 1770 was one of some 55 recorded examples of American bombe furniture; it made \$160,000, more than double the pre-sale estimate.

Mrs Garbisch's dear and special attachment to eighteenth-century crewelwork embroidery. She had cut up old English to upholster her historic American chairs. A Philadelphia mahogany wing armchair, made in 1750, was thus upholstered and sold for \$62,500; so were two Chippendale style side chairs from Connecticut at \$29,000. Their English equivalent would

hardly make one tenth price.

She had bought quaint peasant style hooked runner floors. This was a New England custom in the second half of the last century, the naive and gay. One as high as \$12,000, a feast for an antique Oriental.

The sale itself was managed much in the style of the famous 1000 barbers auction was dry.

An elegant masque of 1,500 people was erected in the lawn between the house and the lapping water. The auction was a vast of dealers, collectors and addled around the garden in the bright humid sunlight. There were porphyry dealers, European gallery buyers, occasional peddlers, and a host of others.

But money it was American occasion, visitors in sneakers, sh brightly coloured slacks, and get-whispering at, unprecedented event.

The sale at Pokery, with its Garbisch collection of Impressionist and furniture sold in New had netted more than \$10 million in the past three years. Only the Hirsch sales, brought more money, single collection at auction.

Geraldine No
Suterman Corran

DIARY OF AN UNMELTING POT

What have last month's Miami race riots to do with the attempt of a wealthy dress designer to buy herself a \$1.1 million mansion in an exclusive block inhabited by Dr Henry Kissinger?

Not much, on the face of it. Yet both are concerned with the building of barriers, the need which groups of Americans feel to protect themselves from alien hordes by which they feel threatened.

In the two weeks since the Miami riots, black leaders in New York have been warning us sombrely that it could so easily happen here. Recalling the "long hot summers" of the late 1960s, when many American cities endured angry disturbances in their black ghettos, they pointed out that in many essential ways the condition of urban blacks has not improved since.

Some, including Mr Charles Rangel, the black congressman for the district that includes Harlem, blame Mr Edward Koch, the Mayor, for what they see as the city's deteriorating race relations.

Mr Koch is not bashful about responding to criticism. He points out that since he became Mayor many more

summer jobs, which the city provides for unemployed youngsters, have gone to black youths than under his predecessor. But he adds that the city does not have the money to improve the welfare system to the extent which the blacks would like and need.

The Mayor is Jewish. For a long time, there has been tension between New York's black and Jewish communities. The Jews, predominantly middle class, blame blacks for the violence which threatens their security.

In Williamsburg in Brooklyn, where a closely-knit Hasidic Jewish community lives hard by a black slum area, white residents organize their own security patrols.

I may have made the point here before that the cliché definition of New York as a melting pot, where diverse ethnic and religious groups dissolve into one, is the very reverse of the truth. In few other cities have the various communities so stoutly resisted assimilation, preferring to establish their own separate and defined enclaves.

This is true at every social and economic level. It is a fact, in popular parlance, that the

plums of Harlem and Brooklyn to the most expensive apartment buildings on Manhattan's Upper East Side. Yet the well-publicised dispute involving one of these buildings shows that even among the super-rich, some kinds of people are more acceptable than others.

River House is cooperatively owned by its wealthy tenants, among whom is Dr Kissinger. In such buildings a board representing the tenants has a power of veto over who should be allowed to buy an apartment.

When a maisonette in the building came on the market for \$1.1 million, Miss Gloria Vanderbilt wanted to buy it. Descended from one of New York's oldest established wealthy families, and now a successful clothing designer, she appeared at first glance to have every possible credential for moving in. Her deposit of \$110,000 was accepted with pleasure in January.

Yet on April 30 the board of directors rejected her application. Her lawyer, who obtained a court order preventing the sale of the apartment to anyone else, said the rejection came after tenants' representatives had telephoned him to check rumours that Miss Van-



derbilt planned to marry Mr Bobby Short, a black singer. The pair have been friendly for some time. "We're not planning to get married," said Mr Short, "but frankly I don't think it's any of their business at all what we do," adding that it was many years since he had faced what he interpreted as discrimination. As well as court action, Miss Vanderbilt

lawyer complained formally to the City Commission on Human Rights, alleging racial discrimination.

A lawyer for River House denied the charge. He said the board had decided not to let Miss Vanderbilt have the apartment because it did not think she could afford it.

In the financial statement which she was required to make to the board, Miss Vanderbilt had claimed a net worth of \$7.6 million. The lawyer said the bulk of that came from a licensing agreement for a line of jeans she designed and that she did not have the cash in hand.

In investigating the charge, the Human Rights Commission counsel said he would subpoena financial records of other tenants, including Dr Kissinger, to see how they compared with Miss Vanderbilt's.

At a court hearing last week, the River House board added a new ground for their objection. In a four-page affidavit the chairman wrote: "I believe that the ceaseless flow of gossip column items about her comings and goings, where she eats and with whom, what parties she attends, what she wears, where she lives, would attract unwelcome publicity to River

House". (Unlike the good Dr K, who abhors publicity of all kinds?)

It is true that Gloria Vanderbilt, who is 36, has since her childhood had to endure a life acted out in a bright glare of notoriety. Her father, heir to the Vanderbilt railway fortune, died when she was a baby.

When she was ten a court took her out of the care of her erratic mother and awarded custody to her aunt, Gertrude Vanderbilt Whitney, the sculptor and founder of the Whitney Museum of American Art.

The case was widely and sensationally reported. Gloria's relationship with her aunt was scarcely better than with her mother and her childhood was unhappy. She became immortalised in song as the "Poor Little Rich Girl".

It was not surprising under the circumstances that she should seek to marry early—at 17. Neither was it a surprise that the marriage, to a Hollywood agent, ended in divorce three years later. She married Leo Sayer, a singer, and then a wealthy businessman, the conductor, more than 40 years her senior. She began to dabble in art and acting—with modest success—and was then divorced for a second time.

Her third marriage was to Sidney Lumet, the film director, and her fourth and longest-lasting to Wyatt Cooper, who died in 1978, leaving her a widow.

Since then she has achieved her greatest fame in what is for a high society woman, an unlikely field. Almost every day her name is emblazoned across television screens in advertisements for jeans which she designed for a Hong Kong manufacturer.

None of this, apparently, impressed the board of the co-operative apartment, whose members include such leaders of New York society as the chairman of American Express. That this rejection should happen to Miss Vanderbilt is ironic in the light of her family history.

Her great-great-grandfather, Commodore Cornelius Vanderbilt, began life as a steamship owner and ended founding the family fortune as a rail baron. He suffered similar exclusion from the then aristocracy of the city. The formidable Astors, who were wary of clashing with their newly rich neighbours to their bosoms.

No doubt the Astors were wary of her, but she was not a social outcast. In a generation or two Vanderbilt had earned a name by building a row of voluminous elaborate houses on Fifth Avenue south of the East River, had private ballrooms, and invitations were not covered.

Then it was the turn of Vanderbilts and their party was exclusive. The Menck Club, which still exists, was built for the Vanderbilts and their party was exclusive. The Menck Club, which still exists, was built for the Vanderbilts and their party was exclusive.

Perhaps River House doubts fear Mr Short not. He is black but plays in show business. Mr Sayer, who has won many awards, is a black man. Mr Sayer, who has won many awards, is a black man.

Mr Short is unlikely among the black people in protest if New York offers the fate of Miss Vanderbilt. He is a black man. Mr Short is unlikely among the black people in protest if New York offers the fate of Miss Vanderbilt.

Michael Lea



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OUR REFIGHTS THE PAST

Party's special con-Saturday was the o the TUC's Day of May 14. In other ttempt to mount a lay of indignation overnment's policies In this instance it failure. The atten-Vembley conference far below what is an ordinary party nd the atmosphere it the occasion was non-event because he likelihood of the saddled with un-satisfied policies. to which it did so exaggerated. There obility be a good e before the next he party to have its on the policy proved by a large Saturday. It now likely that there will be outcome at the e in the autumn to ional wrangles that occupying the party year. If that is so, greater opportunity and centre of the vote attention to is certainly neces-

ech Mr Callaghan tside the terms of Executive Commit- when he called clear understand- rked out with the on incomes policy r election. There is believe that such a

S SUBVERTING CAMP DAVID?

ter is "worried" ropean Community forward in the next h a new initiative inian issue. He el and Egypt to talks on Palesti- my soon, perhaps he next two weeks, gress again toward cease treaty on that I autonomy for the Gaza". He is pre- his "veto power ary, to prevent the process from being subverted". He ping the European intervene in the as long as we are making progress deast, peace settle- "even if they do will not permit in Nations any action destroy the sanctity present form of" ncll Resolution 242.

think from these hat the autonomy sailing majestically successful conclusion, carrying out the accord in letter And already demonstra- tralness to concede my" to the inhabi- West Bank and Gaza, ew details remained with Egypt, that the were eagerly await- demarcation of the and that the Euro- unity had grati- tude its intention re- sultion through y Council which

Wood

no man sle ain

than 30 years ago bestride the world and his name as colour what did not member suffering a ock. A trade union judgment I had come arised my admiration callow and went on to great man as the most al who ever agreed- union at the expense cer, brethren. Ernest a man of formidable his last illness set in, tibal on smaller fry in and the Transport and 'kers' Union omnipot- pursued power- entor on the realities miss said.

y came back last week of the Isle of Grain and had his day on dia, and in the news- s of police holding a e; a mob forming a acket; a coach with n trying to enter the n gates; nearly 40 policemen injured. But of the Transport and sers' Union. This time genral and Municipal on fighting to keep off elandians, engineers, etween.

runs, or is elected to WU? None other than the most reason- moderate, trade union ible find in the United sible and sincere s his predecessors in leadership, places his rying he touches in s and in the counsels. (To his credit, Mr ed his union's repa- in law siding men the

to the Polaris nuclear force. Although later in the statement there is a commitment to the principle of "multilateral mutual disarmament" in the nuclear as well as the conventional field, the two earlier assertions point towards a policy of unilateral nuclear disarmament for Britain. That was indeed the spirit of a large section of the conference, which was why Dr David Owen received a hostile reception when he argued the case for the multilateral approach.

On Saturday's evidence it would seem that the unilateralist issue may once again take a central place in Labour's internal debate. The feeling within the party is as yet by no means so intense as it was twenty years ago when Hugh Gaitskill took his great stand. But the feeling now is stronger than had been thought and this is one question on which the right-wing cannot afford to compromise too much. This is partly because of its importance for national security and partly because after the Gaitskillite battle it has a symbolic significance for the party and the country. The probability is that both on this issue and on British membership of the Community Labour can be prevented from taking a dangerously irresponsible position at the next election. But the fact that the challenge is being made on issues of such consequence is an indication of how necessary it is for the moderate forces within the party to take a stand on matters of policy as well as organization.

assured of uncritical American support she is most unlikely to take any notice of European criticism.

European governments are also, without exception, committed to supporting the continued existence of Israel on the terms defined in Resolution 242. There is in any case no known procedure for repealing or amending Security Council resolutions. The most that has been suggested is a new resolution which would "supplement" 242 by referring to the national rights of the Palestinians, rather than merely to "the refugee problem". Implicitly or explicitly this would point to the creation of a Palestinian entity, perhaps an independent state, the parts of pre-1948 Palestine which Israel occupied in 1967 and from which, in a peace settle- ment based on Resolution 242, she should withdraw: the West Bank and the Gaza Strip.

It seems that even that, in present circumstances, would be treated as an attempt to "destroy or subvert" Camp David, and it is therefore quite likely that the European heads of government, when they meet in Venice next week, will decide that their initiative should not take the form of such a draft resolution, or at least that no such resolution should actually be tabled until the American election is out of the way. That would be wise. What would not be wise is to pretend that the Camp David process is going swimmingly and that there is no cause for concern. Of that only a dramatic change in Israeli policy could convince us.

next day, and entered into talks with Mr Len Murray, general secretary of the TUC.)

So much as prelude. Now to the theme. Everywhere in politics, above all at Westminster and Congress House, it has become the fashion to protest that the Labour movement (that is, the Labour Party and the trade unions) is hard done by on television and in the newspapers. Simultaneously it is claimed that the TUC, historically and practically the puppet masters of the political wing at Westminster, should have corporate State rights to instruct succeeding governments on any trade her 1979 action manifesto for the mess of portage of TUC solemn and binding agreements, and beer with sandwiches at No 10.

Let us agree that there are times when individual trade unions and the TUC collectively are apt to be unfairly represented by journalists. But let us also agree on one of the main reasons. You cannot have the trade union minority of reforme- cators hitting at every housewife and her family's comfort and decencies and expect a good press. You cannot close down hospital treatment of the sick and expect a good press. You cannot have a powerful minority of any kind blackmailing the majority to become their ends and expecting to become heroes of the people's movement. You certainly cannot expect well paid laggards and electricians out of work, if necessary by brute force, and still be regarded as model brothers working for the new social order.

The fact is that the trade union movement is virtually the only survivor of the Victorian ethos, whereby self-interest is the guiding principle of policy for those who have a temporary or permanent economic advantage. And when Mr Brian Sedgemoor calls for reforms for the civil service, and others call for the reform of Parliament or the abolition of the House of Lords, they must forgive the majority for thinking that they mistake the

Reform of the House of Lords

From Mr Robert Milburn
Sir, Your leading article of May 12 is rich in to assert that any recon- stituted House of Lords must, if it is to be acceptable, be based on the principle of proportional representa- tion. However, the claim that the adopting of PR will not necessitate that system also being adopted for electoral systems is insubstantiated, except for citing the case of Northern Ireland, which all will surely agree is considerably detached from the minds of the electorate of England, Scotland and Wales. Indeed, how many of these latter would even have known that PR was used in Northern Ireland?

Such ignorance would not, how- ever, arise in the case of Westminster's second chamber, for here we have two blatantly different post- with the whole electorate taking part in both. It seems unlikely that the differences between these systems would go unnoticed for long. Present dispassionate opinion sees PR as the more just method of election, and rightly so. It therefore seems inevitable that the reformed second chamber would be seen by many and eventually by most people as having the more legitimate electoral base, for here we have a situation which could easily damage the authority and standing of the House of Commons. For example, unpopular legislation passed by the Commons over the heads of and against the wishes of the second chamber could justifiably be attacked for not reflecting popular opinion. The seque of the trades unions using the second chamber's opposition to future industrial rela- tions legislation as justification for deriving that legislation is not an encouraging thought. It becomes vital that the House of Commons has an electoral base no less defensible than that of the subordinate chamber.

The only alternative is to resort to further use of that dangerous and tiresome political tool, the referendum.

Yours faithfully,
ROBERT MILBURN,
3 Park Mentions,
Howards Lane,
Putney, SW15.

From Mr F. M. M. Steiner
Sir, May I protest against David Wood's unquestioning acceptance of the Powell-Foot doctrine that two separate elected chambers cannot work in tandem or would make "coherent government" impos- sible? This is to accept that the whole battalion is out of step except Tommy. The majority of parliamentary democracies have two-chamber legislatures, ranging from the virtually powerless Austrian Federal Council to the powerful Senates of Italy or the United States, and I know of no non-elected Upper House anywhere except in Canada. Is parliamentary govern- ment, in say, Australia and all EEC countries other than Denmark really unworkable?

The unique combination of an un- representative electoral system for the Commons, the absence of a written constitution, and the doctrine of "parliamentary sovereignty" allows governments to push through constitutional changes even with a small majority of seats and on a minority of votes, renders this country particularly vulnerable to elective dictatorship by a single Chamber even one not chosen by the majority. A functioning Upper House with at least some powers and with a justifiable composition is therefore an absolute essential.

Yours faithfully,
F. M. M. STEINER,
The Reform Club,
Pall Mall, SW1.

From Mr William Morrison
Sir, Mr Sisley's references, on May 22, to life for foreigners living in Saudi Arabia are a travesty of reporting. In all, I counted eighteen separate points with which I and my wife could differ from the views expressed. Space does not permit a detailed rebuttal.

Mr Sisley would probably consider me to be a foreigner's "long resident in the Kingdom", having first arrived over five years ago. During that time, neither my wife nor I have ever experienced any personal vengeance referred to by Mr Sisley but, on the contrary, have found our hosts to be kind, courteous, helpful and devoid of any bitterness, however engendered.

As with most transients, Mr Sisley attempts to transpose the attitudes and values of Western society to that existing here. I am neither a romantic nor an apologist, but simply accept that there are differences to which I must adapt; after all, no one is forcing me to live here.

I can only surmise that the basis from which the article was derived was provided by those "pioneers of the last frontier of business" who never took the obvious precaution of averting minor irritations by negotiating within their employment contracts, family transport, access to recreational facilities, etc. and so spend their free time together commiserating on the hardships of life within the so-called "helot classes".

Yours sincerely,
WILLIAM MORRISON,
PO Box 1,
Al Khobar,
Saudi Arabia.

Retaining Britain's nuclear capability

From Air Vice-Marshal S. W. E. Menaul
Sir, In the welter of correspon- dence on the role and effectiveness of Britain's contribution to the over- all nuclear capability of the Nato alliance, not a single reference has been made to Soviet doctrine and strategy for the conduct of a war in Europe. The appalling habit of "mirror-imaging" is apparent in nearly all Western discussions on the role of nuclear weapons in a future war.

The 1980 Defence White Paper contains the extraordinary state- ment that: "The Nato aim is to deter attack by possessing nuclear weapons: should deterrence fail and an attack occur which conven- tional forces alone could not con- tain, Nato could threaten to use, and if necessary actually use, nuclear weapons to cause the aggressor to abandon his attack". Whoever wrote that naive description of Nato's aims has obviously never read any Soviet military literature.

The Soviet Union has a clearly defined concept for winning a war in Europe in which "all arms" would be involved and all types of weapons, nuclear, chemical and conventional, would be used, if necessary from the beginning of hostilities, depending on the cir- cumstances prevailing at the time. The idea that Nato has the option of First use of nuclear weapons is wishful thinking.

Soviet military literature, from Marshal Sokolovsky's *Soviet Military Strategy*, first published in 1962, to more modern works, such as Siderenko's *The Offensive*, Milovidov's *The Problems of Modern War*, Savkin's *Operational Art and Tactics*, Marshal Grechko's *The Armed Forces of the Soviet State*, and numerous articles in *Red Star*, *Military Thought* and other jour- nals, all stress the importance of nuclear weapons in the land battle and describe them as "the primary means of fire-power in support of the initial breakthrough by tanks and motorized infantry".

Soviet military literature of the 1970s clearly differentiates between strategic and theatre nuclear war. In more recent articles it is even suggested that new types of chemi- cal weapons may be used in lieu of low-yield nuclear weapons since they do not damage buildings or other structures and would not, therefore, slow the momentum of the armoured assault. Theatre nuclear weapons, according to current Soviet military doctrine have assumed a pre-eminent role in the Warsaw Pact's war-winning strategy. Their use would not necessarily lead to strategic nuclear exchange between the Soviet Union and the United States now that the Soviets have achieved parity and in some cases superiority over the United States in strategic nuclear capability.

A Trident submarine would make no contribution to a war in Europe and would not be the answer to the Soviet Union and her Warsaw Pact allies from embarking on an adventure into Western Europe. What Nato needs is a modern theatre nuclear stockpile, an offensi- ve chemical warfare capability

and much improved conventional forces. Britain could and should make a significant contribution to all three categories. Cruise missiles, whether air or ground launched, have a dual capability. They could be used as accurate theatre nuclear delivery systems or they could pose a potential strategic nuclear threat to major cities and industrial com- plexes in the Soviet Union.

The Trident submarine system does not have this dual capability. It is useful only as a threat to Soviet cities and if it ever became neces- sary to use it, then it would be as a last desperate and hopeless ges- ture. As the commander of one of our Polaris submarines put it in a recent interview "If ever I have to fire one of these missiles I will know that my family are already dead".

The cost of the Trident strategic nuclear delivery system is twenty years time will be beyond Britain's economic resources. Other more im- portant systems would have to be sacrificed to pay for it and since in all probability it would never be used it would represent a very ex- pensive and irrelevant addition to Britain's contribution to the defence of Europe.

The whole concept of nuclear de- terrence and the role of nuclear weapons in war has changed dramati- cally since the Soviet Union achieved virtual superiority over the West in all aspects of military power. It is time the Nato alliance updated its doctrine and strategy for fighting a war in Europe in the event that the Soviet Union is not deterred from taking the ultimate step in an attempt to achieve its declared political goals.

Only the two superpowers can now afford the expensive luxury of strategic nuclear forces to deter nu- clear attack on each other. Euro- pean Nato forces in alliance with the United States must concentrate on providing the necessary forces in defence of Europe against an "all arms" attack by the Warsaw Pact. Britain could make a meaningful contribution in nuclear, chemical and conventional forces to the over- all strength of the alliance without a strategic nuclear force of Trident submarines.

Yours faithfully,
STEWART MENAUL,
The Lodge,
Frentham Vale, Lower Bourne,
Farnham, Surrey.

From Mr F. T. Blackabu
Sir, The case against preserving our independent nuclear deterrent can be succinctly stated. To be effective, a deterrent has to be credible. A potential enemy has to believe that there are some circumstances in which it might be used. If there are no circumstances in which it could conceivably be used, it is not credible. It is not credible that Britain, independently without the United States, would ever use nuclear weapons against the Soviet Union. Hence it is no use inviting the total abolition of the deterrent. Our independent nuclear deterrent is, not, credible, and is therefore useless.

Yours faithfully,
F. T. BLACKABU,
9 Fendman Road, SW8.

Criticism of Mind official

From Mr W. R. van Straubensee, MP for Wokingham (Conservative)
Sir, I suppose I should be flattered at being given a column to myself in *The Times* of May 21. I felt almost like Nelson. Since however Parliament is shortly to resume after Whitsun I trust I shall be given space to reply.

Mr Levin makes no mention whatever of how this controversy started. Yet the facts are clearly set out in the report of the House of Commons debate from which he quotes and presumably has read in full. They are, in brief, that Mr Mind through the person of its Director made allegations of an extremely serious nature against the staff of Broadmoor at a time when those same allegations were under enquiry by the police (to whom the Secretary of State had promptly referred them) and by the Director of Public Prosecutions. The Director of Mind used all his formidable skills as a campaigner to draw maximum publicity to the controversy, allegedly taking place at the hospital. You yourself gave prominence to the professionally managed press conference. Yet at the very time the allegations were being made the matter was sub- judged. No one in authority, whether at the Department or at the hos- pital, could reply. If ever there was a situation worthy of Mr Levin's own headline, "Getting bitten when you can't bite back", it was this.

I believe there has been alto- gether too much recently a ten- dency to make sensational accusations against those caring for the mentally handicapped and the mentally ill, and then to say that there is no smoke without fire and that a public enquiry must follow. But the public enquiry must be balanced by concern for those who care for them. I have just been all through this in another hospital in my constituency, where almost identical charges were made and where the record of the subsequent enquiry shows charges to be wholly un- founded. Yet the hurt to the staff was incalculable.

It was in fact of this other hos- pital that I was principally speaking when I made my first reference to Mind's activities at Broadmoor. I did so because such activities had just become public; and because after having seen an hospital's staff cleared by judicial enquiry I was immediately faced with its neigh- bour being subject to almost iden- tical treatment, only this time backed by a prestigious voluntary body.

In those circumstances I regarded it as entirely legitimate to examine the Director of Mind's part in all of this and what I knew at first hand of the National Council for Civil Liberties. My charge is, and remains, that he allows his very proper concern for patients to obscure the concern he might also to feel for those who care for them, just as in his previ- ous incarnation with NCCL he gave every impression of being concerned overwhelmingly for those only too ready to make accusations against the police and the army in Northern Ireland without due regard to those who have the thankless task of maintaining law and order. I con- cede freely that the general tenor of my reaction was rough. It was intended to be. I was, and remain, exceedingly angry at the treatment meted out to constituents who are unable to answer back. Yet I went out of my way to make clear that I never supposed Mr Smythe sup- ported the IRA. Significantly, these words are not quoted by Mr Levin.

Two substantial questions remain to be resolved by Mind.

First, does not the grateful ac- ceptance of a quarter of a million pounds annually of public money not place upon the body receiving it some duty of care in the public presentation of allegations (in this case of brutality) in the field in which it works? No one suggests that the taxpayer's money buys silence. But the government imposes upon the body concerned a higher standard of public conduct than would be the case if the money were refused.

Second, is the work of a fine organization doing important work in its own field being helped by the mere fact of its permanent officials? Mr Smythe would not, I feel sura, object to my describing him as essentially a rampartier and a con- trovertialist. Very well. Such is his right in a free society as it is Mr Levin's. But other organizations, such as Mind, also anxious to secure respect as quasi-professional in their respective fields, do not stoop to the kind of mass tactics I have been concerned to expose. It is time the many voluntary workers for Mind threw down the gauntlet, realized what is happening, asserted themselves, and insisted that the issue was changed.

Yours faithfully,
W. R. VAN STRAUBENSEE,
House of Commons,
May 30.

joined leave when charged with a shoplifting offence. On April 8 she pleaded guilty and was fined £500 and recommended for deportation although there were no previous con- victions. The fine was paid immediately, but as the court had not specifically directed release she was sent to Holloway prison to await Home Office consideration of the court's recommendation. Mrs D. had a return ticket and wished only to rejoin her children in Sri Lanka. The papers notifying the Home Office of the conviction and recom- mendation did not reach them until May 7 by which time she had spent 29 days in prison with no custodial sentence having been imposed.

The Joint Council for the Welfare of Immigrants have acted on behalf of over 1,000 persons who are imprisoned under Immigration Act powers during the last two years. (This cate- gory is distinct from those refused admission at the ports and sub- sequently detained pending their removal.) Analysis of these cases sug- gests that approximately 70 per cent would qualify for bail under the provisions of the Bail Act 1976, if this were directly applicable.

Although the number of persons imprisoned under the Immigration Act constitutes only 0.5 per cent of the total prison population, the cost to the public funds and in human suffering is excessive and unnecessary for the enforcement of immigration con- trols. Surely, a Government which permits such imprisonment cannot be seriously committed to reducing the prison population. I would be glad to receive a detailed response to the recom- mendations of the Expenditure Com- mittee (Education Arts and Home Office Subcommittee) is urgently awaited.

Yours faithfully,
JOHN BLUMMER,
Joint Council for the Welfare of Immigrants,
44 Theobalds Road, WC1.

From Mr R. A. Rosen
Sir, It is true that local aid is not available to appeal the refusal of bail by magistrates to a person held on remand in custody (letter, May 19).

All solicitors who act for such clients have only to inform the Official Solicitor to the Supreme Court that they have a poor petitioner who wishes to appeal against the refusal of bail and it must be done by the Official Solicitor.

A mechanism for appeal exists; if only people were prepared to use it more frequently no doubt legal aid would be extended to enable solicitors to act in such appeals.

Yours faithfully,
R. A. ROSEN,
Goldsmith Building,
Temple, EC4,
May 20.

Refusal of bail

From the Chairman of the Manpower Services Commission.
Sir, I greatly welcomed the editorial comments which appeared in *The Times* on Friday, May 23, about the need for reform of our tradi- tional industrial training arrange- ments. The Manpower Services Commission takes very seriously and would broadly endorse, the analysis presented in the Central Policy Review Staff's report. We shall certainly return to these crucial issues when the current review of the Employment and Training Act is completed this summer.

The commission published at the end of 1977 a policy statement which had the full endorsement of the Government, the CBI and the TUC-entitled *Training for Skills: Programme for Action*, which en- shrined very much the same principles as those in the CPRS document. Since then we have devoted considerable effort to pro- moting in industry training in par- ticular through the Industrial Training Board's improved planning of train-

ing provision: a more flexible and realistic approach to skill training; the adoption of standards, rather than time served, as the criterion for recognition as a skilled worker; and greater opportunities for adults to enter skilled employment.

I am not pretending that we have made vast progress in implementing these principles, although there have been major advances in the areas of young people and the Tops (Training Opportunities Scheme) programme. There are genuine in- dustrial relations complexities in persuading some trade unions to accept adult skill trainees as of equal status to those who have served an apprenticeship. We must tackle this task with full recog- nition of unions' proper concern to secure decent career opportunities for young people entering industry, where this country lags well behind the rest of Europe in offering systematic training and further education for school leavers.

Yours faithfully,
RICHARD O'BRIEN,
Manpower Services Commission,
Seaford House,
166 High Holborn, W.C1.

From Mr J. W. Wall
Sir, A former ruler of Saudi Arabia knew what Cassidy Friendshin was (your leading article of May 23). In the 1950s, when King Abdul Aziz was moved to criticize any action of his friends, the British, he would quote, with that disarming graciousness of his, the proverb: "Sadihak man yadugak la man yusaddiqak". ("Your friend is he who tells you the truth, not he who keeps telling you you're right.") I am, Sir, Your obedient servant,
J. W. WALL,
Pen-y-Van,
Gwent.

Training for industry

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THE TIMES

BUSINESS NEWS

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Havens for oil surplus money in US, page 21

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MPs' committee wants access to Treasury's secret financial forecasts

By Caroline Atkinson

An assault on official secrecy is in preparation by the Treasury and civil service committee of the House of Commons.

The committee made clear in its report on the Government's Budget and spending plans, published last month, that the Treasury's refusal to disclose many of the assumptions underlying the economic and financial strategy hampered the committee's investigations.

The committee is likely to go ahead and open a debate with the Treasury and Sir Geoffrey Howe, the Chancellor of the Exchequer on the question of disclosure now that the White Paper is over.

Mr. Edward Du Cane, committee chairman, is thought to have been to see the Chancellor already to discuss the issue.

The committee is expected to draw up a report on disclosure, saying which information it believes the Treasury should provide, and why. This will then go to the Treasury for reply.

Several areas exist where the committee pressed Treasury witnesses and the Chancellor to give information on forecasts and assumptions, but to no avail.

On public spending, the committee wanted more detail of spending plans in the White Paper, and in particular a breakdown of public spending by "economic category" (showing current and capital spending and spending on subsidies) which went further than one year ahead.

It also wanted the Treasury to reveal its predictions for future unemployment and forecasts of the likely corporate sector deficit consistent with the Government's financial strategy.

The Chancellor annoyed committee members when he first gave evidence by opening with a defence of keeping secret these forecasts and assumptions and other official advice on economics. He spoke of the need for confidentiality about market-sensitive information such as expected company liquidity and interest rate and exchange rate policy.

The committee believes that, in order to do its job of keeping the House of Commons informed about the Government's economic policy and the workings of the Treasury, it needs some of this information.

Mr Du Cane is also chairman of the Commons liaison committee, which looks at this problem in the light of all the committees.

BL captures major UK dealership from Datsun

By Clifford Webb

Midlands Industrial Correspondent

BL has captured one of the biggest Datsun dealerships in the country and is negotiating with a further 92 dealers who want to switch allegiance from United Kingdom and foreign car manufacturers.

BL's franchise is becoming attractive despite the motor trade heading for one of its worst profit slumps for many years.

The defection of Davenport, Vernon, which has impressive premises on the outskirts of Milton Keynes, is surprising because Datsun is the leading Japanese importer, has been one of the most sought-after franchises.

Mr Clive Seward, managing director of Davenport Vernon, said: "We have got the whole BL range from the 850cc Mini to the 40-ton Leyland Roadtrain truck. That is the most extensive product range in the country and in itself explains why we were so good to join BL. Datsun is too good but it cannot match that."

The recession facing the motor trade is already serious but it will become much worse, industry sources report, that stocks of unsold cars in Britain now total 450,000.

BL predicted the 1980 market of 1.5 million cars already sold it is apparent that there are already sufficient cars to cover the next four months' sales.

BL has been criticised by its competitors for being too hard sales with its Buy British campaign and leaving a vacuum for the rest of the summer.

Although rivals' stocks were continuing to increase BL had reduced its stocks from more than 300,000 to an estimated 70,000. BL may have reduced stocks too much for some models. BL has had to increase production of the Princess and Maxi from 680 a week to more than 1,000.

BL's control, together with the restyled Marina due in July and the Mini Metro due in October, which is proving so attractive to other franchise holders. While BL was reducing its inventory, importers' stocks are reported to have increased from 150,000 to 160,000.

Discount jungle, page 21

Strength of Greek shipping fleet sets tricky problem for EEC

From Michael Bailly

Athens, June 1

Key talks are to be held here this week between Mr Richard Burke, the EEC Transport Commissioner, and Greek shipping leaders over the sensitive implications of Greece's entry into the European Economic Community in the new year.

The Greek merchant fleet is the world's largest after Liberia, and no one underestimates the impact which Greek entry will have on the EEC's still formative shipping policies. Equally no one yet knows what that impact will be, and there is a good deal of apprehension on both sides.

Greece's maritime pre-eminence has been built on the natural entrepreneurial flair of a seafaring race which can hardly fail to breathe new life and commitment into the stuffy corridors of Brussels.

By this time the blossomed only in an environment of maxi-

mum commercial and regu-

latory freedom, which many

felt could be ham-

pered by the Brussels bureau-

cracy.

A particular concern is safety and anti-pollution, in pursuit of which the EEC is likely to engage in a positive drive against substandard ships, of which an embarrassingly large proportion has been shown in the past to be in Greek owner-

ship.

Yet the best of Greek ship-

ping combines entrepreneurial skills with technical and operating standards as good as the best elsewhere; and securing common baselines without inhibiting the flair of the Greek owner will test the diplomatic skills of Brussels, Athens, and the Union of Greek Shipowners whose president, the highly respected Mr A. J. Chandris, hosts a major international shipping conference alongside the Posidonia marine exhibition in Athens this week.



Mr Richard Burke, EEC Transport Commissioner, in Athens.

Japan set to increase exports of electronics

By Bill Johnstone

London

Japanese exporters of semiconductors over the next few years because of over capacity, according to a survey on the Japanese semiconductor industry by Bank of America.

The report emphasises that the semiconductor market will make it difficult for exporters to Japan to compete with indigenous suppliers. The report predicts that an imbalance will undoubtedly mean that exporters will suffer from a diminishing share of the Japanese semiconductor market.

At the moment the market is largely dictated by the productivity of the manufacturers in the United States and Japan and the balance of the strengths of the dollar and the yen.

The overcapacity might lead Japan, which previously directed sales of components to Korea, Taiwan, Hongkong, Singapore and the United States, to direct its attention towards Europe.

At the moment few discrete components, such as silicon diodes and transistors, are imported into Britain. In a list of the top 10 of the world's most prolific exporters of such electronic components published in the report the United Kingdom does not warrant an individual entry.

The report concludes that the most important new semiconductor market for the 1980s will be the electrical and electronic systems of cars. This market is predicted by the bank to have enormous potential. The market in electronic systems in cars, where fuel consumption, emission and other systems will be controlled by new technology, is expected to grow by 70 per cent a year.

The bank estimates that the electrical systems of cars and the new electronic systems will be worth between \$7,000m and \$8,000m (£3,400m and £3,700m) by 1984.

This market for semiconductor components could prove crucial as the Japanese semiconductor industry battles for dominance with the Americans.

Next to the United States, Japan is the world's principal semiconductor producer. Production in 1978 was nine million of which 50 per cent was exported.

Another Hill Samuel director to resign

By Philip Robinson

London

Mr David Macdonald is leaving top City merchant bankers Hill Samuel—just 10 months after rejoining the group and being appointed to the main board.

A formal announcement is expected early this week. Mr Macdonald, aged 43, was unavailable for comment last night, but it is understood that he has been anxious to take total charge of running a business. It is expected he will move to the top job at a financial institution.

For two years until last July, Mr Macdonald had been director general of the Takeover Panel, a post he took after being a deputy chairman of the bank.

He returned to the group's capacity but was made a member of the Hill Samuel Group board.

Mr Macdonald is the second Hill Samuel departure announced in a week. Lord Keith, Hill Samuel's chairman, announced the group's annual dinner dance in the Hilton last Wednesday that it would be his last staff party as chairman.

He will stand down some

time this year, and be succeeded by Sir Robert Clark, the group's chief executive and deputy chairman.

Lord Keith, aged 64, resigned as chairman of Rolls-Royce last year during a dispute with the National Enterprise Board over the future control of the state-owned aero engine company.

He headed Rolls-Royce for eight years and had always maintained that he had no desire to return to the City.

In his annual report for Hill Samuel in 1977, he made it clear that he was confining his activities there to those of group chairman and that Sir Robert had succeeded him as chief executive.

The departing moves come close behind the recent takeover approach from American group Merrill Lynch. Both groups have been swift to pour cold water on any suggestion that they would merge.

Hill Samuel has for some time had ambitions to break away from a traditional merchant banker role, as has been demonstrated in the past first with MEPC the property group and then with Slater Walker.

Dearer oil threatens economies of many less developed countries

Continued from page 1

problems of these countries have circulated for some time, officials in Bonn preparing for the summit believe that the financial crisis is now beginning to bite. They argue that coping with the higher oil prices is becoming a matter of life and death in economic and political terms for many of the non-Oil less developed countries.

An example of what the financial crisis can mean in practice for such countries was provided by Turkey when, during a freezing winter week, public buildings simply ran out of fuel. Bonn officials real off a daunting list of countries threatened by the effects of oil-induced balance of payments deficits. These range from the small, such as Costa Rica to the

very large, India, and include the relatively advanced, Brazil and South Korea, and those such as the Ivory Coast and Kenya which had until recently appeared to be making a success of their post-colonial economic development.

The attitude in Bonn is that, in the medium to long term, the industrialized countries of the Organization for Economic Cooperation and Development (OECD) and the members of Opec must help these countries to adjust their economies to high energy costs.

In the short term, the industrialized countries and oil producers must play an active role in financing the deficits of the developing world. While the international banking system is expected to continue to play a major role in recycling, and institutions such as the International Monetary Fund and the

World Bank are liquid enough to increase their lending on a considerable scale, the problem of the less developed countries is so large as to require additional action.

Although the recession in the United States and the appearance of one in Britain might appear to be more immediate problems, the West German government thinks that, long term inflation is a greater problem than unemployment, and dealing with the energy problem a more important issue than inflation.

After last year's agreement on oil import ceilings in Tokyo, Bonn would like to see the United States, Britain, Japan, France, Canada, Italy and West Germany agree in Venice to a number of propositions designed to save energy and promote the development of alternative sources.

Saudi production boost

New York, June 1.—Saudi Arabia is now in high gear on its plan to raise its sustainable oil producing capacity by about 20 per cent to 12 million barrels daily—but perhaps not quite so quickly as recent reports suggest.

Petroleum Intelligence Weekly reports in its latest issue.

The potential leverage of that much extra oil would enhance the kingdom's influence, with other oil-exporting nations, and consumer governments, but there is no indication of when it might put the extra capacity to use, despite significant increases in the pace of spending on facilities since last summer.

Bank chief appeals for Italian inflation curb

From our own correspondent Rome, June 1

Signor Carlo Ciampi, Governor of the Bank of Italy, has appealed to the government to curb inflation before it is too late. At more than 20 per cent Italy's inflation is running neck and neck with Britain's.

In his first address to the bank's annual meeting on Saturday, since succeeding Signor Paolo Baffi last year, he said: "Our economy risks slipping down the slope which it has laboriously ascended in 1977 and 1978."

The fall of inflation, which has weighed the economy for years, now attacks with new violence. The competitiveness of our prices is being reduced. The public sector deficit presses on available resources.

The balance of payments is once more pressing. Government crises of companies are dragging on, becoming aggravated, and new ones are in the offing."

He said monetary measures alone could not solve these problems, but the basic difficulty was "adding subsidies on subsidies, waste on waste, in the illusion of providing a remedy. But in fact such measures were only delaying solutions and making them more difficult."

He added: "We still have margins, though restricted, for acting. Inflation can be curbed, measures are needed to limit the public deficit, to promote productivity, to reduce costs, as the first phase in a campaign to dampen the recent flare-up of inflation and to begin to remove its profound roots."

The Bank of Italy, he pledged, for its part would maintain a "line of monetary severity."

Signor Carlo Ciampi, Governor of the Bank of Italy, has appealed to the government to curb inflation before it is too late. At more than 20 per cent Italy's inflation is running neck and neck with Britain's.

In his first address to the bank's annual meeting on Saturday, since succeeding Signor Paolo Baffi last year, he said: "Our economy risks slipping down the slope which it has laboriously ascended in 1977 and 1978."

The fall of inflation, which has weighed the economy for years, now attacks with new violence. The competitiveness of our prices is being reduced. The public sector deficit presses on available resources.

The balance of payments is once more pressing. Government crises of companies are dragging on, becoming aggravated, and new ones are in the offing."

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Mozambique port may be expanded to serve six nations

From Nicholas Assaford

Beira, June 1

Plans are being considered to develop Beira as a major port to serve at least six African countries, now that there has been a settlement in Zimbabwe and communications between Zimbabwe and Mozambique have returned to normal.

If feasibility studies are approved, it would mean that the port's present hinterland would be increased more than six fold by the end of the decade.

The Mozambique authorities hope that British companies which played a leading role in the port's construction will participate in the expansion programme.

The ending of the war in Zimbabwe had "really changed the situation as far as transport is concerned," Senator Luis Maria Alexandrino Santos, minister of ports and surface transport, said recently in Maputo.

"Our ports of Maputo, Beira and Nacala were all constructed to serve the hinterland."

"However for the past four years they have been cut, and have therefore been operating below capacity, particularly Beira."

Before Mozambique closed its borders to all foreign traffic in 1976, Beira had a turnover of about 3.5 million tons of cargo a year. At least 60 per cent came from Rhodesia, with smaller quantities from Zambia and Malawi. At present it is operating at about only 1.5 million tons a year.

Despite reports emanating from South Africa that facilities at Beira had seriously deteriorated during the past four years, the port is still in good condition. A visit showed that the warehouses seemed to be clean and in good order, and cranes and other equipment were working well.

Prices vary but the average house costs £58,000 (£24,800) and in large cities the average price is £67,000 (£28,600). San Francisco has the most expensive housing, with average monthly costs at \$925 (£395). Washington is second highest at \$752 and among large cities, the lowest housing costs are \$462 (£197) in Pittsburgh and \$468 in Philadelphia.

America is still of course a prosperous nation, and there can be no doubt that living standards are higher than in most other countries. All the same, the twin forces of record inflation and serious recession are biting hard and depressing the national mood.

How the American consumer has yet to be seen, but if the trends of the first few months of this year continue with consumer spending falling sharply, the recession could indeed be long and deep.

Frank Vogl

THARSIS

THE THARSIS SULPHUR & COPPER CO LTD

The Annual General Meeting of the Company will be held on Monday, 30 June, 1980, in the Hotel Lancaster, 7 rue de Berni, 75 Paris (8). The following features are from the circulated statement of the Chairman, Mr Frédéric Veiga.

Substantial progress has been made towards complying with the requirements of the Spanish Mining Law of 21 July 1973 and the document containing the Scheme of Arrangement, the relative Explanatory Statement and notices of meetings are being posted to shareholders with this Report and Accounts. It is intended to seek the approval of shareholders at meetings to be held in Paris on 30 June 1980 to the various resolutions required to carry the Scheme into effect.

After taxation the profit of the Group for the year amounted to £982,574 compared with a loss of £807,694 in 1978. Last year there was a charge for an exceptional item in respect of the compensation to be paid to secure the early retirement of a substantial number of employees, which resulted in an overall loss. This year there is no such exceptional item.

The mines produced satisfactorily during the year. The tonnage of pyrites shipped showed a slight increase on the previous year and was again a record in the history of the Company. There are considerable stocks of mineral available to meet any possible additional tonnage required by the market and an important programme of capital investment has been started during 1979 and will be completed in 1980.

The attention of shareholders is directed to the section of the Scheme document dealing with future prospects and dividend policy of the Company and Mines de Tharsis. In the case of Mines de Tharsis, an increase in the internal sales price of pyrites of some 14% was authorised in April 1980 which should help to offset the increase in wages and other costs. Regarding sales, it is expected that we will maintain our 1979 tonnage to the internal market and we hope to increase our export deliveries principally to Mediterranean customers.

On behalf of the Board, I would like to express to all our personnel, senior staff, employees and workmen our gratitude for their effort and co-operation during the year.

THE POUND

Bank	Bank	Bank	Bank
buys	sells	buys	sells
2.10	2.03	Norway Kr	11.72
31.00	29.25	Portugal Esc	116.00
69.50	66.00	South Africa R	2.14
2.73	2.66	Spain Ptas	166.00
13.30	12.75	Sweden Kr	10.04
8.90	8.50	Switzerland Fr	4.02
9.92	9.52	US \$	2.37
4.32	4.10	Yugoslavia Dnr	31.00
102.00	97.00		
11.70	11.25		
1.14	1.10		
2010.00	1915.00		
545.00	520.00		
Gld 4.73	4.50		

MANAGEMENT

Dismissal—the ultimate sanction

In the field of labour relations one of the most difficult problems facing managers at all levels is that of discipline, especially when it comes to dismissal. Many feel that, even though they are justified in dismissing an employee, the law about unfair dismissal makes it too risky to do so.

This is partly because many employers are ignorant of what the law seeks to achieve.

The requirements of the law are in fact twofold. There has to be a good reason for dismissal, and an employer must act reasonably in the process of dismissal—reasonably, that is, as between the interests of the company and those of the employee earning his living.

It is that favourite lawyer's word, "reasonably," which causes the most trouble. It is necessary to remember two things. First, a tribunal should look at the situation through the eyes of management. Members of the tribunal should say that they would have acted differently, and for that reason alone decide that the dismissal was unfair.

Second, there are guidelines

to the procedures management should adopt. They are to be found in the codes of practice published by the Advisory, Conciliation and Arbitration Services (Acas), and in the judgments of the courts and tribunals. The Codes of Practice are required reading for all those involved in disciplinary matters.

Two common but difficult types of dismissal have recently come under scrutiny, and it is noticeable how closely the courts' findings coincided with Acas recommendations.

The first situation, as illustrated recently by the case *Weddell (W.I.) & Co v Tepper*, in the Court of Appeal, is where an employee is suspected of dishonesty at work, whether it be the theft of company property or any other type of "fiddle".

Here, management must first investigate the matter as fully as possible. Only then can an employer reasonably suspect an offence. While that investigation is going on, the employee will probably be suspended on full pay.

The investigation may be lengthy, perhaps because the

police and later the courts are involved. The company will probably not be able to afford such a lengthy suspension, and so may dismiss.

But before the decision to dismiss is taken (whether following suspension or not), the employer must at some stage give the employee an opportunity to state his side of the case, and to answer the allegations made against him. This is most important.

Provided that these procedures are applied, there will be little chance of a finding of unfair dismissal, even if the employee is later acquitted of any offence by a criminal court.

The second situation—recently under review in the case of *Taylorplan Catering (Scotland) v McInally*, before the Employment Appeal Tribunal—arises where an employee is persistently absent because of illness. Of course, the provisions of any sickness scheme should be exhausted before action follows.

If the employee's absence is prolonged, his employer should try to find out how long it is

likely to last. He may ask for a medical report. If the employee refuses to submit to an examination, without good reason, that may be evidence that he is not as disabled as he says.

The employer must decide whether or not the company can afford a long absence. However, the length of service of the employee, whether or not his job needs filling urgently, and the possibility of employing him elsewhere—although he does not have to create a new job.

It is most important that the company maintains contact and discusses the situation with the employee.

These points are only a guide. Not even the courts can provide all the answers. Indeed, that is why a tribunal looks to see if management's decision was a reasonable one—not if it was a perfect one. What is important is that employers should let their employees know where they stand. Is that too much to ask?

John Bryant

A decade in the computer market-place

Ten years ago, the idea of hiring-off a company's computer department as a commercial organisation selling its services in the market-place was novel. Many tried, and a fair number were shaken-out in the bad year of 1971.

Others survived, and grew nicely. One of them was Unilever Computer Services Limited (UCSL), which has celebrated its tenth birthday with a 1979 revenue of £12.8m and pre-tax profit of £1.25m.

For Unilever, hiring-off in other fields—advertising, distribution, and market research—was already established policy when UCSL was set up in 1970. As with these other activities, the nucleus of the computer service company was an existing in-house operation. But the operating companies of the Unilever group were not obliged to use the services of the new company.

UCSL was formed from three existing in-house computer departments handling finance, research and distribution. The first stage in the company's 10-year history, according to Mr Len Rawle, the chairman, was to turn these three units into a single, commercially oriented company. By 1972 UCSL was trading profitably.

In the second stage, from 1972 to 1976, the company expanded its business (particularly the non-Unilever part of it) by concentrating on "remote batch" computing. In this method of computing, terminals in the users' offices are linked to UCSL's central computers by way of telephone lines for the input and output of batches of data.

"One tended to look at the great one was good at," says Mr Rawle. "We specialized in setting up corporate data-processing systems involving several locations." As was an early customer, moving on to its own system after five to six years with UCSL.

Towards the end of this period UCSL diversified into time-sharing services—remote access computing of an immediately interactive or "conversational" kind—through an association with Tymshare, an American time-sharing company.

"We had come up the batch route but we realized we needed to have a time-sharing capability," says Mr Rawle.

"It would have been hard to catch up from scratch, so we set up a joint company with Tymshare, providing access to computing power in the United States."



Mr Len Rawle, chairman of Unilever Computer Services: mix of business main source of company's strength.

These micro-terminals are tailored to particular uses including supermarket stock replenishment, salesman order entry, warehouse stock control, meter reading and point-of-sale recording. Normally they would be linked (by telephone) to the users' own computer, but they can also form part of an all-in UCSL processing package.

At the end of its first decade UCSL has emerged with a two-thirds, one-third split between external and in-house business. "It is not really 'in-house'," suggests Mr Rawle. "We have many houses." Unilever has indeed many operating companies and, as with other companies, hired-off subsidiaries.

UCSL doubts it finds that it can be more difficult to sell its services to its parent group than to outside customers. Competing service bureaux on occasion put in artificially low bids as loss-leaders in order to get Unilever business, Mr Rawle says. "We have to walk

away from that sort of thing." Of UCSL's total business at present, about 65 per cent comes from the data services division, the mainstream bureau activity. UCSL Microsystems provides 15 per cent; 10 per cent from the Datacom division and 10 per cent from Tymshare-UK.

"Our philosophy has been to go for consistent profit growth," says Mr Rawle. UCSL exceeds the profit guidelines laid down by Unilever for its companies. As a small light among a lot of big lights, one has to be particularly bright."

Mr Rawle sees UCSL's mix of business as the main source of its strength. For most customers the computing solution will involve local processing, telecommunications, and central processing.

The computing services market continues to be an extremely competitive one, the UCSL chairman notes, and one which is changing rapidly as the technology advances.

At one stage, for example, it appeared as if videotape developments such as the Post Office's Preset service might undermine UCSL's planned microfilm systems, but the company moved to higher-volume file-based systems with which Preset could not compete.

For the future, UCSL intends to do more in the retail and distribution fields; and is considering a possible move into videodata services. As with most computing services companies, software is all-important; about 250 of the company's 650 total staff are software specialists.

Kenneth Owen

Sweet sounds from an overhauled RAC

It is not only commercial companies that go through the traumas of management reorganization.

The Royal Automobile Club has just emerged from two years of restructuring during which this formerly amorphous organization has been transformed into a holding company with four subsidiaries—motoring services, which provides the traditional breakdown and legal services, and is a mutual company limited by guarantee; the non-profit making company which organizes motor rallies; the "gentleman's club", which operates the palatial building in Pall Mall (and another at Epsom); and RAC Travel and

Brokerage, which looks after everything else.

"Everything else", so far consists principally of the insurance side (provided to members of the club under the RAC banner, but in effect arranged through a Lloyds syndicate and three independent companies); the touring services; a publications division; and a travel agency which already handles some £3m of business travel as well as a service to the general public.

The company, under Mr Douglas Richards, the chairman, and Mr Tony Andrews, the managing director, is planning an advance on the high street and agonising over the question

of whether the RAC's name should be used. Will it attract new customers? Will it put off old members? Will the Palace allow it?

With a turnover (taking in commissions on the insurance business) of some £10m a year, and profits not far short of £500,000, Mr Andrews is in the happy position of being able to put up an excellent case for expansion.

Meanwhile the club itself, which five years ago appeared to be heading for a rapid demise, is flourishing mightily under new management. All of which makes an agreeable contrast to more publicized problems elsewhere in the automobile industry.

Adrienne Gleeson



Mr Douglas Richards, chairman of RAC Travel and Brokerage.

CHECKLIST

Industry Bill: read a third time in the House of Lords.
Housing Bill: read a third time in the House of Commons.
Employment Bill: read a second time in the House of Lords.
Prime rate: reduced by leading United States banks to 14 per cent.
Pioneer Shipping Ltd and Another v BTP Tioxide: Court of Appeal decided that decisions by arbitrators in cases to which the Arbitration Act, 1979 applies, can only be questioned on a point of law if the judge gives leave. Once an arbitrator gives his decision

the parties should abide by it. Foreign exchange: a new system for foreign exchange analysis and simulation has been introduced by London computer bureau, Consarc and Henley Centre for Forecasting. System, known as Centrex, is designed to assist managers in international financial planning.

Minneapolis/St Paul: operation of direct air link from Gatwick by North West Orient Airlines starts today.
Law at work: six short books covering aspects of employment, industrial relations and health and safety legislation

and case law have been published by Sweet & Maxwell (11 New Fetter Lane, London) at £1.95 each. Written for the layman but well endowed with references.

New Finance Bill: a guide to the principal provisions of the Bill, including worked examples, is given in the latest issue of the "Accountants' Digest" (no 89). Available from the Publications Department, PO Box 433, Chartered Accountants' Hall, 1, Abchurch Lane, London EC4N 3DF, at £4.50.
Acquisitions and mergers: a guide published by the Institute of Chartered Accountants,

covers strategy and potential problems. Basic, but useful in its emphasis on first principles, and for its checklist. Available (£2.95) from address as under New Finance Bill.

Capital flows: a forum on the problems caused by capital imbalances is to be held at Interlaken, Switzerland, June 14 to 16. Speakers include Mr John Heimann of the United States Treasury, Mr Edward Beath, Mr Denis Healey, Professor Andrew Brimmer. Details from the Registrar, City Forum, The Nelson House, 2, Riverside Street, Bath, BA1 1LB (tel: Bath (0225) 63573).

Plugging the university—sixth form gap

British management frequently complains that graduates wishing to enter industry and commerce are immature and sadly lacking in any kind of real job experience. It should therefore welcome a plan to expand the "Gap" scheme.

The gap in question is the period between leaving sixth form and entering university. The Gap scheme is run by a board of directors representing schools and business and chaired by Mr Peter Willey, the Wellington College senior master who originated the idea in 1972.

At that time, it was a scheme to solve the problem of what sixth formers in public schools could do with the nine months gap between getting through the Oxford and Cambridge exams and going up to university in the autumn. Now there is a growing demand from sixth formers of all schools in the United Kingdom for some kind of worthwhile activity that would merit taking off a whole year between "A" levels and university, instead of going straight to college at the start of the next academic year.

"Sixth formers welcome the chance to gain some experience in the world at large," says Mr Willey. "As a senior master, I am absolutely delighted if they can get people to come up who are one year older. They make better, more mature

"Sixth-formers welcome the chance to gain experience in the world at large"

students." If the year has been spent profitably in a real work environment, those students become better candidates when they eventually apply for jobs as graduates.

Gap, based at Wellington College, Crowthorne, Berkshire, finds jobs for youngsters in many parts of the world. Boys and girls have gone from their sixth forms straight to cattle ranches in Australia and pipeline ships in the North Sea.

Members of the scheme have set up audio-visual libraries for oil executives in Aberdeen, have maintained Range Rovers in India and have travelled in South Africa selling office equipment. Over 50 British youngsters are found work every year in West Berlin, where they serve in shops and hand in landscape gardening for new blocks of flats and load trucks with sacks of chemicals.

In each case, the Gap youngster pays his or her own expenses to reach the place of work, earns a proper wage for the job to be done and lives in rented accommodation with local workers. If there is any difficulty in raising the initial fund required, Gap can arrange for a loan to be made, repayable from the wages to be earned from the job.

"We are currently sending up to 1,000 boys and girls abroad on jobs each year," says Mr Willey. "We are receiving over 5,000 applications from schools all over the country and there is no doubt that we could easily double the number of Gap jobs if we had additional funds." The Gap expenses are incurred in finding job opportunities overseas, in monitoring the welfare of the youngsters at their place of work from time to time, and in setting up interview sessions for selection of the candidates for the scheme.

Total annual expenditure is around £20,000, of which 55,000 comes from fees that Gap charges most of the youngsters for the privilege of getting help. The shortfall has been met by British companies and trusts, including donations and grants from the department for group Bantalls, Boots Charitable Trust, The Drapers Company and Grocers Hall, The Machine Tool Trade Association, Sainsbury's Headley Trust, Shell UK and a number of banks, including Barclays Bank, Grindlays and Kleinwort Benson.

Mr Willey is eager to receive help from more United Kingdom organizations, not only in terms of cash, but also in providing temporary job opportunities for youngsters coming here from abroad.

Sydney Paulden

LETTERS TO THE EDITOR

More time needed for monetary restraint to take effect

From Professor A. P. L. Minford

Sir, Hugh Stephenson (May 20) damns "rational expectations" on the grounds that average earnings are 20 per cent up on a year ago. Appealing to one observation is not a very scientific procedure by which to test a theory; and it ignores the extensive evidence in favour of it, which I have previously described in your columns and elsewhere.

The average earnings figures in any case conceal a wide dispersion between many manufacturing settlements where monetary restraint is already biting and certain public sector settlements which were effectively contracted over 12 months ago and were provided for within cash limits. Mr Stephenson can hardly expect monetary policy now to affect contracts made before it was even thought of.

It will require more than a few months of money supply growth within the target range and public sector borrowing on a declining path to establish the credibility of government intentions, especially as the first six months of monetary experience were unfortunately well above its intentions. No one to my knowledge (certainly not I) has ever suggested that merely announcing targets will ensure their credibility. Nevertheless, this second budget, the medium-term targets and the sharp decline in monetary growth since November are now beginning to establish that credibility.

Hugh Stephenson is constantly urging incomes policy. But not only does a great deal of evidence show that incomes policy is ineffective except in a temporary cosmetic sense, its coming policy is also dangerous because it is invariably

traded with union leaders for "stimulatory" monetary and fiscal policy, and because it causes serious distortions in the labour market which undermine economic growth and efficiency. The strenuous voices of planning the destruction of the policies that alone can reestablish a sound currency and a more efficient economy.

Yours faithfully,
PATRICK MINFORD
The University of Liverpool
May 21 1980

From Mr Paul Tillett
Sir, A pity that Hugh Stephenson's view is otherwise excellent piece on building societies (May 13) by leading support to the now prevalent fallacy that the societies' activities do not affect the money supply. I take £100 from the bank and put it in a building society, the building society puts it back into a bank. The ownership of the bank deposit will have changed, but not the amount.

It is true that initially the building society will pay the money into its current account with its clearing bank. But it will not normally leave it there for more than a day or two. What happens to the money supply depends on precisely where the money goes when the society invests it or lends it. Most probably it will invest it in government debt or lend it to a customer.

If the society lends the money to a customer, what happens will depend on what the borrower does with the money. Often the money will pass through a long chain of house purchase transactions until it reaches a "last-time seller". The last-time seller will initially pay it into his bank, but again the effect on the money supply will depend

on what he subsequently does with it. Even if he leaves the bank, it will not necessarily add to bank deposits (especially where the last-time seller is a housebuilder).

It would be tedious to explore all the many possibilities, but this last will serve as an example. Here the effect is that bank deposits and bank lending have fallen, while building society deposits and building society lending have both risen. Complete slices of financial intermediation have passed from building society to bank. There is a fall in M3, but wider aggregate M5 is unchanged.

Even in those instances where M3 is unchanged, example, where the last-time seller makes a lasting addition to his bank deposits—it does not follow that the social activities have not affected monetary conditions. Merely unchanged, but total financial intermediation, as measured by M5, has increased. It is impossible to believe this increase in M5 is a significance for more money.

Incidentally, if Mr Stephenson's argument were correct, would apply not just to building societies but also to clearing banks; after all, too initially, credit receipts to their corresponding accounts with clearing banks would apply not just to the Royal Bank of Scotland, but also to the other clearing banks. Yours faithfully,
PAUL TILLET
56 Spring Grove, Loughton, Essex.
May 13.

Role of the Consumer Advice Bureau

From Mr Ruth Kohn

Sir, I was concerned to read Mr Johnson's letter (May 7) with regard to Citizens Advice Bureau workers based, as it were, on the very outdated concept of what a CAB provides.

Bureau workers have never made any claim to be "omniscient advisers"—what they do claim, however, is to have access to an information system, second to none, and the training (which becomes increasingly more rigorous) to know how to use that system and when to refer for professional help.

The CAB information system can be relied upon completely because it is updated monthly by a team of researchers, and it is this reliability that makes it unique and of such use to advisers alike. (In Sunderland we often have social workers and solicitors referring to our system for the easy retrieval of accurate information.)

With regard to advising "small businesses", the November, 1971, report of the Committee of Inquiry on Small Firms (the Bolton Report)

envisaged the setting up of widespread "citizens' advice bureau type" centres. This initiative has been taken up in Sunderland some 18 months ago in response to local need, when it became increasingly apparent that there were growing numbers of inquiries from individuals considering the possibility of self-employment, as an alternative to long-term unemployment. (Wearside continues to have an unemployment rate of twice the national average—redundancies are declared every week, and the options open to people to work and stay in the region become less.)

The initial objectives of the New Enterprise Advisory Service (as our scheme is called) were: (a) to collate existing information and have it readily accessible for callers; (b) to counsel those considering self-employment for the first time; (c) to give on-going support to new enterprises in the critical early days; and (d) to approach establishments where and when redundancies are declared to advise about available sources of help. NEAS works in close cooperation

with other existing agencies and refers readily for specialist help from solicitors, accountants, and other similar vice or trade enterprises. In April of this year received an urban aid. This will enable us to co-ordinate our work of advising, supporting our clients, and undertake a pilot study, our past clients as a summary, and ascertain the value of our work in the development in this field.

Our aims are modest, can improve the economic health of the region, enabling a number of us to utilize what talents may have, to extricate ourselves from the ranks of unemployed and still remain in the area. Yours sincerely,
RUTH KOHN
Citizens Advice Bureau,
48, John Street,
Sunderland SR1 1QH.
May 27, 1980.

Revenue 'subsidies' for home buyers

From Mr A. W. Kellard

Sir, Mr David Blake, in his article "Housing: absurdities that need to be ended" (May 19), is the latest in a series of writers and correspondents who argue that owner-occupiers are being subsidized by the Inland Revenue.

I think that there are errors in these arguments that need to be pointed out. Mr Blake refers to income tax relief on mortgage interest. Not all owner-occupiers pay qualifying interest, and not all qualifying interest payers are owner-occupiers—the latter include purchasers of shares in close companies and of shares

in partnerships (entrepreneurial activities) so Mr Blake is incorrect in saying that this interest does not qualify for tax relief.

Mr Blake says that owner-occupiers enjoy a tax advantage by living rent-free in their houses and not having to pay for housing out of taxed income. Untrue—the cost of buying a house, either by outright purchase or by periodic repayment of capital under a mortgage, is met out of taxed income (or in some cases out of capital which will have borne capital taxes). There is no tax advantage in living rent-free in one's own house. If Mr Blake

thinks there is perhaps would like to extend his argument. One can choose to rent and buy a house but cars, television, clothing, household and eating equipment, to name a few things. Does Mr suggest that the owner-occupiers should pay equivalent to Schedule A? I shall leave others to Mr Blake's assertion that insurance, and pension contributions to provide for industry. Yours faithfully,
A. W. KELLARD,
136 Minories,
London EC3N 1QN.

Industry in the regions

Why Highland pulp mill could never make a profit

Central Scotland does not have a monopoly on industrial crisis. At Fort William in the west Highlands, the Wiggins Teape pulp mill on Loch Linne, a mainstay of local employment, is close to closing more than 400 people out of work and threatening the jobs of a further 550 in the forests that serve the mill.

The closure will not affect the profitable paper making part of the company which employs another 450. The company says the pulp mill has never run economically since it was opened in 1966 and over the past three years has lost up to £3m a year. Maintenance expense has been high and a boiler replacement which would have cost £10m sealed the plant's fate.

The pulp mill was part of an imaginative attempt to revitalize the region. It cost £15m of which about half was a government loan repayable with

interest. The original hope was that the pulp mill would supply the paper making side but this did not work. Because of the type of paper demanded by the market some 60 per cent of pulp has to be imported.

Nothing can be done to correct the shortcomings of the pulp mill. It is basically too small to compete with the highly efficient and much larger plants in Canada and Scandinavia. It produced the wrong quality of pulp and it is too expensive to run. Adding to the problem is the present state of the timber and pulp markets.

Canada is producing far cheaper pulp from virgin forests that have cost nothing to plant and the present and projected strength of sterling makes this material an even better bargain.

When Consolidated Bathurst, the largest newspaper manufacturer in Canada, abandoned an idea to convert the pulp mill into a newsprint unit, the hope of any large lifeline was lost.

"We have scoured the world for someone to move in but there is no one," a company spokesman said. In October the plant will close production although paradoxically that will secure the 450 jobs at the paper making plant which, according to Wiggins Teape, could have been jeopardized if the pulp mill had continued to drain the overall profitability.

The Highlands and Islands Development Board says it is jacking the crisis on two fronts. It is trying to find an alternative use for the mill and to secure jobs for the men who will be made redundant in five months.

"No-one can produce this number of jobs in one go. There is no doubt that Lochaber and Fort William form a very

attractive location for industry to develop. The skilled workforce in these communities are good and industrial relations are excellent," an HDB spokesman said.

Most of the forestry workers threatened by the closure of the mill would be from the Forestry Commission. In addition, the commission would have about 250,000 tons of small roundwood normally sent to the pulp mill which would be seeking another customer.

The timber has to be thinned out in order to allow bigger trees space to grow but the commission is hopeful that the new Particle Board Mill at Cowie will take 100,000 tons of the otherwise surplus timber.

The spokesman said the market for this small diameter timber does seem to be growing. We have had approaches from Scandinavia from firms looking for sources of

pulp wood. If the price negotiated with the Scandinavians were right then these could be Newcastle deliveries would begin.

"Export trade does look very promising, which is a little ironic when you consider Scandinavia's position as a timber producer. But it can only be a short term solution. The long term relies on having a major timber user in Scotland, preferably in the Highlands," he added.

Canadian imports costing half as much as British or Scandinavian production have distorted the United Kingdom picture. Britain is forced to import more than 90 per cent of its wood and wood products, with little hope of growing timber looking for a market and a crisis in one of the main timber centres.

Ronald Faux

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Share Capital

Authorised	Number of Shares issued fully paid
US\$ 5,000,000 Preferred 'A' Shares of no par value	—
US\$ 5,000,000 Preferred 'B' Shares of no par value	—
US\$60,000,000 Shares of Common Stock, par value US\$1 each	27,108,677

This advertisement appears in connection with the implementation of a Plan of Exchange, effective 30th May 1980, under which shareholders of the Company's subsidiary, Combined Insurance Company of America, exchanged their common shares in Combined Insurance Company of America for shares of common stock of the Company on a share-for-share basis. The Council of The Stock Exchange has admitted all of the issued shares of common stock of the Company to the Official List.

Particulars relating to the Company are available in the Extel Statistical Services and may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including 16th June 1980 from:

Rowe & Pitman,
City Gate House,
39-45, Finsbury Square,
LONDON EC2A 1JA.

2nd June 1980

BY THE FINANCIAL EDITOR

Dawn raiders' is not battle worth fighting

By Lord Shawcross last valedictory statement as chair-takeover Panel, underline the f the self-regulators over the dawn raids.

Did that such raids were worry-cult to know how to deal with, was not at all sure that they ration as they might at first even if they were it was not something that could be dealt Takeover Code. Shareholders free to sell their shares at the city, he said.

been a spate of such raids they have attracted a good icty, not simply because they any many shareholders in the mpany the opportunity to sell nanced price, but also because there is the implication that in which the stake is taken up—as a potential takeover

which concern the authorities some shareholders—by implicates who normally do not have auditors access to the market treated unfairly, and how to us that large shareholders may ped off beforehand that such is to get under way.

is to be two ways of trying to t potential problems. The as been widely debated, is to a new threshold rules into the suggestion—which is dismissed fair to large shareholders—is shold under which a bid be-ory should be reduced from per cent.

s, mooted by Lord Shawcross, purchases of over 10 per cent, shares within a limited time o proceed by way of a tender prial bids should be allowed. approach—which, like tender rial bids, has produced mixed United States—is to provide ules to people wishing to make thus, a buyer of, say, 10 per of a company would have to ions publicly.

though, measures like these arket. Given that the Anglo Beers raid on Consolidated hich sparked off the debate raids, raises the question of ert parties who take stakes cent should declare them- same way that single buyers a 5 per cent have to under w, the dawn raid per se unduly pilloried.

e is not a new phenomenon; Code ensures that in the f other shareholders would get f the whip; and there is always egislation to force disinvest- cases.

sever is to let the market be, arshareholder may well be at a when the dawn raid arrives re other occasions (when, for wants to sell his shares), where dvantage.

ink of plenty of battles worth-half of the small shareholders, r one of them.

s rally in the gilt-edged market to be a short-lived affair, as ore last bid when sterling domestic investors remained z there is little to so far while ner stuck to its strict monetary ver strong the evidence now is "rowth is slowing—until it us, on inflation and signs of moderating—anti-monetarist

ds for a cut in MLR are now he last couple of months money is well within the Government's Clearly the continued strength iding is a worrying feature, underlying picture has been the central government surplus ly-to-be temporary.

ly, however, the authorities vout about the ending of the end of June and the impact on upply figures of bank lending the banking system being "re-"

national wisdom is that sterling inflated by perhaps 2 per cent outh of acceptance credits—the irth round the corset that has abling of their proportion of r advances to 16 per cent in

the last two years—are converted back into cheaper bank credit.

The experience of the last two corset periods has been that such reintermediation takes anything up to a year, although of course the corset was not squeezing so hard then. Even so, the Government's present money supply targets seems well able to cope with the return of bill finance to the banking system—although just how speedily the banks, given their present shortage of reserve assets, could cope is another matter.

And it is this that has led some analysts to suggest that reintermediation could boost the money supply by 4 per cent or so taking it outside the Government's range. With inflation and wage awards so high, and the possibility that they, areas of credit creation outside the bank will find their way back to the banking system, the chances of any early cut in interest rates are slim whatever the pressures from industry.

Auditors' When to resign...

Disagreement between Grant Thornton and its auditors on the treatment of VAT is likely to prove no more than a precursor to a flurry of arguments between companies and their auditors over the application of accounting standards and the exercise of auditing practices.

For one thing, the standard-setting body has now moved on from the innocuously general to the potentially painful particular—witness the first rumblings of disagreement over the application of the inflation accounting standard.

For another, since there is unlikely to be any change in the auditing requirements, the accounts of small private companies will (or should) be coming in for the same tough treatment as that applied to their publicly quoted counterparts.

The net result is likely to be a rash of qualifications to company accounts. Qualification is already a much less potent weapon than it used to be, and there is a risk that it will be devalued altogether. In that case, respectable auditors are likely to have to face the question of whether they should resign.

It is a question from which all accountants now shy away, and for a complex variety of reasons. First, there are the arguments of simple self-interest: no firm of accountants likes giving up corporate business.

Then there is the fact that the auditors' responsibilities, strictly speaking, are to the shareholders, and the argument that shareholders are better served by the presence of a competent and conscientious firm, prepared to sit tight and qualify till the cows come home, than by the fly-by-night crowd with whom they might be replaced.

This argument is not particularly convincing in the case of the big firms: after all, any publicly quoted company that replaced one of the "big eight" by unknown auditors would certainly cause its shareholders to do a double take. But it does carry some conviction when it is advanced by smaller firms whose names would mean no more to most shareholders than those of the firms who replaced them.

Finally, there is the question of whether a resigning auditor can make his position clear enough to justify the action. Any firm resigning during its term of office is obliged to give reasons under the provisions of the Companies Act, 1976; but the real reasons may be libellous, or they may be individually frivolous but collectively damning.

The arguments for staying with the company may be adequate if the matter at issue is a technical one. But what happens if the disagreement is not merely fundamental and material, but shows every sign of lasting into the indefinite future?

Is not the auditor who then remains his office, however heavily and however often he qualifies the accounts, effectively con- vining at the practices of a company of which he overtly disapproves?

It is possible to argue that the issue of heavily qualified accounts neither could, nor should, be taken as a sign of approval, but under those circumstances it may take a threat of resignation to make the point effectively.

Apart from anything else, auditors resigning in their term of office are obliged to inform their successors of any reasons for disquiet. And the possibility that no reputable firm will audit their accounts ought to be sufficient to bring the most recalcitrant company into line.

Shahid Kamal Adham is the former head of the Saudi Arabian Central Intelligence Agency and the owner of at least nine companies in Saudi Arabia. Mr. Abdullah Darwish is a financial adviser to the royal family of Abu Dhabi. Mr. Faisal Saud Al Fulaifi is the former chairman of Kuwaiti Airlines and an executive of Kuwait International Finance Company, an affiliate of the Bank of Credit and Commerce International of London.

What these three men have in common is their mutual interest in Financial General Bankshares Incorporated, a medium-sized bank holding company in Washington. They sought in vain for 21 years to buy this bank, with its headquarters opposite the White House. Recently they indicated their offer to around \$160m (£68m) and the bank's board has just accepted the latest bid. The deal still needs the blessing of American banking authorities.

The purchase is unremarkable, except in one respect: it appears to be the largest Arab acquisition of an American company.

For all their wealth, member nations of the Organization of Petroleum Exporting Countries (Opec)—of whom the Arabs are the most visible—seem to have steered clear of big direct investments in America. Arab purchases in the United States attract a great deal of publicity, and sometimes the media give the impression that they are buying up the country. But the facts show otherwise.

Opec's worldwide investment portfolio is conservatively estimated to have been \$270,000m at the end of the first quarter of this year. For as of March 31, direct Opec investment (outside land and company ownership) in America amounted to a mere \$354m.

Investing oil surpluses: why business in the United States can rest easy

Indeed, according to United States Treasury figures, it appears that the cash involved in the Financial General deal will mean, if the acquisition goes ahead, that Opec direct investments in the United States will rise in one go by some 40 per cent.

The oil nations seem to have a penchant for American banks. The Financial General deal is the latest and, by far, the largest of a string of bank purchases by Opec interests. Mr. Adham Kashoggi, the Saudi businessman, bought the Bank of Central Costa and Security National Bank, both of California, in 1974.

Other United States banks owned by Opec interests are the People's Bank of Texas, the First National Bank of Greater Miami, the Caribbean National Bank of Florida, the Main Bank of Texas and the Duquoin State Bank of Illinois.

The list sounds impressive, but in perspective, all these takeovers, plus the Financial General, amount to a smaller investment in American banking than, for example, that made by Britain's Barclays or National Westminster, or Lloyds.

As much as two-thirds of the \$354m of direct investment in the United States by Kuwaiti Arabs, while accounting for only a small volume of direct investment, have been more prominent in some bond ventures.

The Saudi Arabian Monetary Agency appears to be quietly absorbing some private placed bonds of first class United States corporate bonds. Its portfolio includes: \$300m of IBM bonds, \$100m of General Motors, \$100m of US Steel, \$75m of Dallas Power and Light and at least \$500m of bonds of subsidiary companies of American Telephone and Telegraph Company.

of United States corporate bonds appears to have declined in the past couple of years. Perhaps the explanation is simply that Opec's investment managers have been prudent enough to see the dangers of such investments. In 1977 and 1978 Opec's net acquisitions of United States corporate bonds were in excess of \$700m, but in 1979 the total was just \$307m and in the first quarter of this year it was a mere \$175m.

Official American sources report that net acquisitions by Opec interests of United States corporate bonds between 1974 and 1979 are around \$2,875m.

Even more striking is Opec's declining interest in buying shares on the United States exchanges. Between 1974 and 1979 Opec's share purchases of American shares, but since then it has added only another \$2,000m to its share portfolio.

securities. Opec investors had clearly become increasingly disenchanted with the dollar and sought to diversify. But the sharp rise in American interest rates in the first quarter of this year aroused Opec enthusiasm and the government securities market again became the focus of attention.

In 1978 the Opec nations were net sellers of \$2,311m of United States government securities and last year were net purchasers of just \$2,181m. In the first three months of this year, they bought \$3,631m of these bills, notes and bonds, to bring total holdings to \$22,302m.

There are some indications that recent Opec moves back into selling these securities, and this would underline the interest rate sensitivity of the Opec investment managers. If Opec money is not going into the outright ownership of land or companies or into bond and share purchases—and it is unlikely that the pattern is very different outside the United States—where is it going?

It seems reasonable to suggest that as much as 75 per cent of Opec's investment portfolio is in the form of bank deposits, mostly short-term. This total could be somewhat above \$200,000m and of this at least a quarter is lodged with United States banks, either in their foreign branches or in America.

Put simply, Opec's investment managers are sophisticated, conservative, determined to keep their assets highly liquid and keen, over time, to reduce the percentage of their assets denominated in dollars. Despite the publicity that always surrounds deals like that at Financial General, the conclusion must be that Opec is not a significant direct investor in the United States.

Car traders lost in discount jungle



Saleman and cars in a Birmingham showroom: discounts expected to continue for another two years.

The motor trade is in serious trouble. Showrooms are overflowing with unsold stock of new and second-hand cars. Heavy discounting and gimmicky prizes, by dealers, backed by heavy incentives from manufacturers, all this means a bonanza for the car buyer but distress selling by the trade.

The chairman of one of Britain's biggest car retail groups describes the situation as chaotic. "I have been in the business for 30 years and this is the first time I have been able to offer immediate delivery on every single model we sell. At present it is impossible to maintain orderly marketing plans."

Mr. Trevor Taylor, managing director of BL Europe and Overseas, the group company, predicts that these discounts could last for another two years. "It's like a jungle out there with survival going only to those who are prepared to fight tooth and nail," he says.

The Motor Agents Association, which represents 85 per cent of serious dealers, is in danger of becoming a way of life. Hundreds of member firms are being forced to resort to discounting and over-generous trade-ins to ward off cash flow crises.

It does not take a financial wizard to put out the effects of this practice on the ratio of profit to turnover, the association says. "No less apparent is the vast bank of used vehicles building up, some dealers' stock of which will be as difficult to shift as new cars when the market moves into decline later this year."

BL's Buy British campaign in February and March and the heavy factory subsidizing of cut price sales which accompanied it has been widely blamed for sparking off the present price war. BL denies this, pointing out that other manufacturers have been offering substantial incentives to their dealers for at least three months before the BL campaign.

The difference was that our campaign attracted a lot of publicity and the success of the campaign or its timing, says a senior BL executive.

Whatever the cause, the effect of all this price cutting was to bring forward sales which would normally have been made later in the year. Last summer the industry's pundits had predicted that 1979's record sales would be followed by a drop. By Christmas, however, the industry agreed that at least 200,000 fewer cars would be sold this year—1.5 million compared with 1.7 million.

In the event, new car sales in the first quarter broke all records, at 501,191. BL sold 52,524 cars, pushed its market share in March to 23.74 per cent compared with 16.75 per cent in February, cleared huge stocks of unsold cars and, in the words of Sir Michael Edwards, BL chairman, forced a serious cash flow crisis.

But even as the manufacturers and dealers were congratulating themselves, they were battering down the hatches for the consequences of all this feverish activity. With half the year and forecasts of 1.5 million cars already sold by the end of May, many of them at give-away prices, they had still to face another seven months with far too many cars chasing too few buyers.

The sales director of a company holding a wide range of British and foreign franchises, sums up the problem: "It may seem that, with a market forecast of 1.5 million cars, we should not be talking about a severe recession. Something like 1.3 million would justify that."

But we are selling 1.5 million cars at ridiculous prices which are undermining our profit margins. A lot of dealers are already in trouble and some of them will not get through next winter.

In April, new car sales fell by nearly 30 per cent compared with April 1979, from 165,796 to 114,677. And the depressing trends continuing. May, normally one of the prime selling months, looks like reaching 125,000 sales, a fall of 72,000 on the same month last year.

BL is holding on to its 20 per cent market share, but that is still some 4 per cent below the minimum penetration the state owned group is generally reckoned to need to break even.

It is hardly surprising, therefore, that the present free-for-all with margins cut to the bone and the planned 25,000 to 30,000 reduction in BL's labour force will be implemented, it is touch and go.

It is not surprising that Sir Michael should be getting hot under the collar about Japanese imports, which took a record 12.3 per cent of the British market in April compared with 10.1 per cent in the same month last year.

Voluntary restraint limits of 10 per cent.

In a typically outspoken comment recently, he said: "I am determined that Britain will not be the soft underbelly of Europe as far as the Japanese car exporters are concerned. Italy and France both have severe restrictions on the number of cars they let in. These restrictions are tough. If in May the Japanese continue to exceed the 10 per cent voluntary restraint, I will be beating a path to the Chateau door. I cannot demand anything from the Government, but I can demand restraint from the Japanese motor industry."

Whole? BL is in a state of recovery.

Ford, for so long the market leader with 30 per cent of British sales, is better placed to withstand the present onslaught on margins. But after years of long waiting lists for most models, its much envied dealers are now trying to wrangle with mounting stocks and customer resistance to large cuts, such as the once much sought Granada.

Ford plays its marketing cards close to its chest, but in the present battle it is difficult to keep anything from the sensitive grapevine on which the trade feeds. Discounts of 20 per cent on Granada and smaller concessions on the Cortina are reported.

Cain concurs. The corporation has been talking to industry for some time about biotechnological projects, he told the science journal Nature, and is actively following up one involving crop plant development.

We have been getting expert advice on genetic engineering and want to increase our exposure. He is aiming at growth plus balance. "I would like to see if we can push the scale of our activities up," he says, "while maintaining a reasonable balance between the public interest and the requirements to break even. Our profitability gives us the flexibility."

But the corporation is in the risk business, he emphasizes. "Inevitably, many projects will fail."

With cephalosporin as with other projects, Cain's style has been to acquire a detailed technical knowledge of the subject and to keep his finger on the pulse. He does delegate but, says a colleague, "if he gets down to detail he is fairly astounding in that scope."

A family man with two sons (one at the Royal Institution, one an apprentice engineer with British Caledonian) and one daughter (at school studying for A levels), Dr. Cain enjoys gardening and likes to listen to classical music. He brings work home from the office, whether this will now include biomass processing in the garden remains to be seen.

Kenneth Owen

Business Diary profile: Dr Cain, Mr Makinson and the NRDC



Makinson (left) and Cain, his successor in the NRDC seat of decision.

He joined the NRDC in 1955 after working as a biochemist in industry and government. Part of his work at the corporation has been negotiating and managing most of the big revenue earning projects, including cephalosporin antibiotics.

equity funding or combinations of all three.

In its first 30 years, from 1949 to 1979, the corporation was approached with over 40,700 inventions, which came from public bodies (17,200), companies (4,600) and private individuals (18,800). The result was about 950 revenue earning inventions over the 30 years.

Joint ventures with industry are now running at about 50 new projects and 20 extended projects a year, with over 200 projects in hand at the end of last year.

When accused of neglecting the private inventor—last year 790 inventions were submitted to the corporation by individuals, of which only 16 were accepted—Lord Schon, NRDC chairman from 1969 to 1979, had a favourite reply. Nobody who had been turned down by the corporation, he said, had gone elsewhere for bettering and been successful. "We are still not aware of any," says Makinson, a trifle nervously.

Makinson joined the NRDC in 1965 as chief executive of the department of engineering, with the specific task of building up the joint venture side of the business. The venture capital side is important but its profitability is relatively low.

It is a very attractive prospect in the main—business, the exploitation of government-funded invention.

During Makinson's six years as managing director, the corporation strengthened its

executive board, set up two subsidiary companies to exploit computer software packages for engineering, formed the British Arabian Advisory Company, and fought unsuccessfully in the courts against alleged infringements of its carbon fibre patents based on work at the Royal Aircraft Establishment, Raynham.

The British Arabian enterprise was mounted with the hope of applying the expertise of British government establishments to large infrastructure projects in Saudi Arabia. This has not happened.

It has been associated with a lot of business, says Makinson, but it has not been profitable.

Cain the biochemist, an appropriate person to take over from Makinson at a time when biotechnology is coming into fashion. The NRDC had a central role to play in developing and applying biotechnology, a recent government report confirmed.

But the corporation was not as effective as it might be as a vehicle for exploiting academic inventiveness in biotechnology, the report said. The NRDC should play a more entrepreneurial role "in the support and encouragement of innovation in this area and in the flexible provision of funds for the development of projects beyond the first phase of basic research in a field where inventions are often not readily patentable."

Cain concurs. The corporation has been talking to industry for some time about biotechnological projects, he told the science journal Nature, and is actively following up one involving crop plant development.

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Kenneth Owen

As Mr. Peter Cover, national sales manager for VW/Audi in Britain, points out: "There are very attractive offers out there for the motorist who simply wants the best possible deal and does not particularly care which car he ends up with. The commercial pressures are just too great for some dealers to be prepared to put their long term prospects at risk."

But in the end they must ask the key question about deals. Is the business I am being offered worth doing or not? And only they can answer that."

Clifford Webb

AMC

ANNOUNCEMENT TO BORROWERS

The Agricultural Mortgage Corporation Limited announce that with effect from 1st June, 1980, the rate of interest for

ALL EXISTING VARIABLE RATE LOANS

will be

1.91%

This rate will remain in force until the next review date which will be:

- a) 1st SEPTEMBER, 1980, for borrowers whose loans are reviewable quarterly.
- b) 1st DECEMBER, 1980, for borrowers whose loans are reviewable half-yearly.

Until further notice rates of interest applicable to new loans will be:

FIXED RATE reduced to 16 1/2%

VARIABLE RATE 1.91%

For full details of this and other facilities please contact

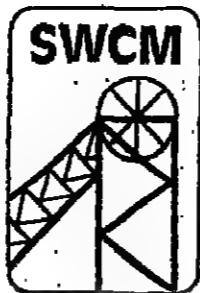
AMC, Bucklebury House, 3 Queen Victoria Street, London EC4N 3DU. Tel. 01-258 5252.

as particulars have been prepared for the purpose of giving information to the public with regard to South West Consolidated Minerals Limited ("SWCM"). The Directors of SWCM and Dundonian Limited ("Dundonian") have taken reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein, whether of fact or of opinion.

There is no listing on any stock exchange for the shares of SWCM and application is not being made to any stock exchange for a listing for any part of SWCM's capital. Application will be made for the shares of SWCM to be dealt in on the Stock Exchange under the provisions of Rule 163(3). SWCM has entered into a Sponsorship Agreement with Rowe Rudd & Co. who under it has agreed, inter alia, to apply for the admission of its shares capital to the Official List when able to meet the requirements for listing. Persons wishing to deal in the Ordinary shares of SWCM in accordance with Rule 163(3) should consult their stockbroker or other professional adviser in the normal manner. Copies of this Prospectus, having attached thereto the documents referred to herein, have been delivered to the Registrar of Companies for registration.

South West Consolidated Minerals Limited

(Incorporated in England under the Companies Acts 1948 to 1967 No. 1234982)



A COMPANY CARRYING OUT AN EXTENSIVE PROGRAMME OF MINERAL EXPLORATION IN CORNWALL WHICH MAY LEAD TO THE DEVELOPMENT OF MAJOR NEW MINES PRODUCING IN THE MAIN TIN, TUNGSTEN AND SILVER.

OFFER FOR SALE by ROWE RUDD & CO. of
5,500,000 Ordinary Shares of 10p each in SWCM
fully paid, at 50p per share

The procedure for application and an Application Form are set out below.

The Application List for the Ordinary Shares now offered for sale will open at 10.00 a.m. on 5th June, 1980 and may be closed at any time thereafter.

Investment in a mineral exploration company such as SWCM is speculative. The section headed "Risk Factors" contained within this document should be carefully considered.

Share Capital

Authorised
 £3,000,000 in 30,000,000 Ordinary Shares
 of 10p each

Issued or to be issued fully paid
 £2,400,000 in 24,000,000 Ordinary Shares
 of 10p each

Indebtedness

As at the end of the financial year 1979, SWCM had outstanding no mortgages, charges, debentures or other loan capital or other borrowings or indebtedness in the nature of borrowings including overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, but purchase commitments, guarantees or other material contingent liabilities.

is a copy of a letter to Rowe Rudd & Co., from Mr. Max Lawinsohn, Chairman of South West Consolidated Minerals Limited:

30th May, 1980

Downs House,
 Brighton Road,
 Banstead,
 Surrey SM7 1DE

I am writing you with your Offer for Sale of Ordinary Shares in South West Consolidated Minerals Limited. I have pleasure in providing you with the following information:-

(formerly Nottvale Limited) was incorporated on 23rd November, 1975, and in February, 1976, was acquired by and merged with a large area of known tin mineralisation totalling some 1,000 acres in Cornwall. During March 1977 Dundonian Limited ("Dundonian") completed the acquisition of the entire issued share capital of SWCM, and subsequently in June 1977 obtained a small additional licence area (about 1 sq. km.) to explore and mine near Gunnislake in Cornwall. The objective has been to explore the area and, if justified, to promote the development of new mining ventures, thereby contributing to the revival of Cornish tin mining and economy through the development of the nation's mineral resources. Accordingly, in the 7th exploration programme was started under the supervision of Robertson Research International ("RRI"). Geological and Mining Consultants. Interpretation and exploration results to date have been encouraging, and potential now is being developed to three large new mines, producing in the main tin, tungsten and silver, before full scale production is started further drilling and feasibility work is necessary. SWCM is also developing a metallurgical testwork and pilot plant operations. SWCM is also developing a metallurgical testwork and pilot plant operations. SWCM is also developing a metallurgical testwork and pilot plant operations. SWCM is also developing a metallurgical testwork and pilot plant operations.

SWCM is authorised to issue 30,000,000 Ordinary Shares of 10p each of which are now being offered for sale at 50p each fully paid. As a result the total issued share capital is increased to 24,000,000 Ordinary Shares of 10p each, and Dundonian's interest will be 5 per cent. of the shares in issue. It is Dundonian's intention to retain this holding, and to support SWCM in the exploration and development of its Cornish mining interests.

Recent Exploration

SWCM's exploration is shown on Figures 1 and 2. The principal terms of the licences to explore for a period of years on payment of a fixed annual fee, with the option to purchase the right to mine on payment of annual royalties based on production to a small minimum annual fee which merges with royalties. Relevant details are as follows:-

Approximate Area (Acres)	Period (years)	License Fee	Period (years)	Annual Royalty on Net Smelter Return (%)
3,100	8 years to November 1983	£10,000 p.a.	42 years to November 2025	3.33
100	11 years to August 1985	£5,000 (single payment)	42 years to August 2027	3.33
80	4 years to June 1981	£750 p.a.	42 years to June 2023	3.33

SWCM has experienced difficulty in renewing one licence and negotiating with mineral owners to extend the full extent of the vein structures and the projected vein east. Accordingly SWCM has taken action to protect its interests and applications with a view to obtaining additional licences under the Mines (Working Facilities and Sites) Act 1966 and 1974.

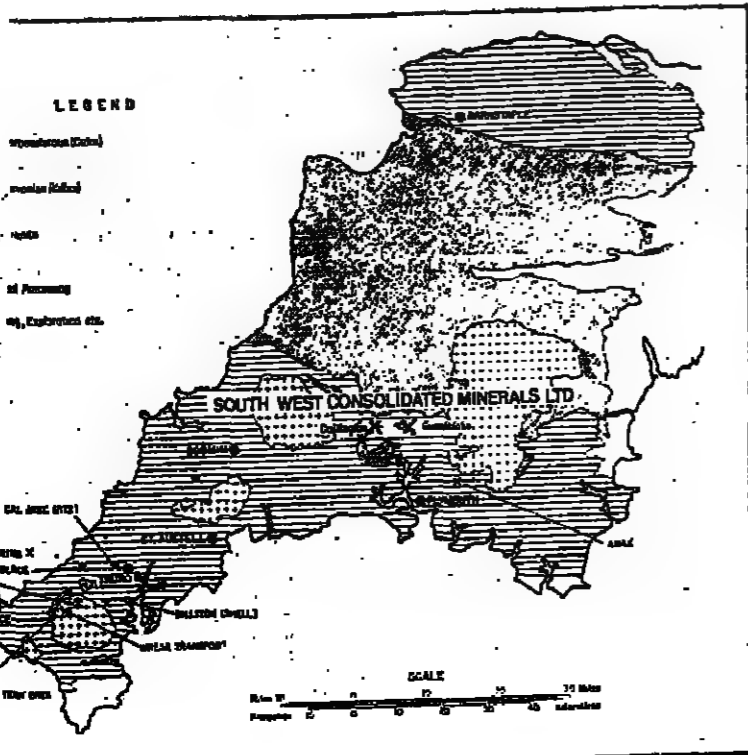


Figure 1: General Location Map

SWCM is considering the desirability of extending its mineral interests in the Callington area, and discussions are taking place with certain mineral owners which may lead to the grant of licences over adjoining land. There is some uncertainty as to the title of a small part of the mineral rights in the Callington area, but this is not likely to have any material effect on future operations. In addition SWCM owns approximately 12 acres of freehold land at Callington which may be required in connection with the future production and treatment of ore in the area.

Mining History

Tin has been mined in Cornwall since Roman times, but underground mining only started in medieval times when rich tin-bearing veins were found near the surface and worked from shallow pits. At the beginning of the eighteenth century mining for copper commenced, and activity reached a peak in the mid-nineteenth century when south-west England was the world centre of base metal production. During this period an important discovery was made of a tin zone beneath a copper zone at Dolobry mine, which subsequently resulted in it becoming Cornwall's deepest and richest tin mine. Similar discoveries were made elsewhere and Cornwall soon became internationally renowned for its deep lode tin mining.

Towards the end of the nineteenth century large deposits of copper and tin, capable of low cost extraction, were discovered abroad. Base metal prices fell and many Cornish mines were forced to close as they had insufficient capital to withstand losses. In the case of the mines in the Callington area this event occurred just when capital was most needed to deepen the shafts and improve the plant, to treat tin instead of copper as the zoning changed at depth in common with other Cornish mines. An additional problem at these mines was the presence of tungsten interbedded with tin. In those days tungsten had no commercial value and was difficult to separate from tin, which often resulted in heavy penalties being incurred on the sale of mixed ore. Such veins were, therefore, never worked with enthusiasm and were if possible left in situ. These difficulties proved to be too great a burden for the mines in the Callington area and they were forced to close in the 1890's.

In recent years the strength of base metal prices, the general political uncertainties abroad, and the heavy infrastructure requirements in developing countries have combined to focus attention on south-west England again. Apart from the old well established operations, SWCM and a number of major mining groups, are now actively engaged in exploration in the area (Figure 1).



Figure 2: Licence Areas and Local Geology

Recent Exploration
 Prior to RRI involvement SWCM's areas had been investigated by several parties, including the Non-Ferrous Mineral Control during the period 1935-1945. Mackay and Schneidmann Limited in 1963 Dr. C. H. James, B.Sc., Ph.D., F.I.M.M. in 1965, and C. T. Sweet, A.C.S.M., C.Eng., F.I.M.M. in 1967. Following the acquisition of the licences by SWCM a thorough assessment of the prospects was undertaken by RRI, and in the summer of 1977 an extensive programme of exploration was started under RRI supervision. There follows a copy of the Report from RRI, which covers the exploration programme and results to date.

Ty'n-y-Coed,
 Llanrhos,
 Gwynedd,
 North Wales
 LL30 1SA

30th May, 1980.

To: Rowe Rudd & Co., and
 The Directors,
 South West Consolidated Minerals Limited,
 Gentlemen.

In accordance with your instructions we have prepared the report below on the programme of exploration carried out under our supervision since 1977 at the mining prospects of South West Consolidated Minerals Limited (SWCM) in south-west England (Figure 1).

Introduction

In 1977 Robertson Research International Limited (RRI) was requested to carry out a preliminary evaluation of the tin-tungsten potential of two mining prospects held by SWCM near Callington in Cornwall and Gunnislake in Devon, extending in area to approximately 13 sq. km. and 1 sq. km. respectively (Figure 2). Normally in south-west England mineral rights exist in small segregated holdings, historically difficult to amalgamate into worthwhile exploration and development areas. The existence of approximately 13 sq. km. at Callington already amalgamated into one area is a valuable factor in itself, particularly in view of the area's past mining history in the 18th and early 20th centuries. Previous to our investigations the potential of the area had been emphasised by reports from several sources, the most important being the Non-Ferrous Mineral Control during the period 1935-1945. Wartime investigations, prompted by an accelerated demand for minerals, were active in the licence areas and were concentrated on proving reserves in and around old workings. Active mining operations may well have resumed had the urgent requirement for minerals not eased with the end of the War.

Following a review of the regional and local geology, old mining records and past reports, RRI outlined a series of exploration targets consisting of both previously known vein deposits, and a number of new prospects in the Callington area which had no previous history of mining. Postulation of these new lodes was based on geological deduction and the presence of strong tin anomalies which had been located during reconnaissance soil sampling in the mid-sixties. The orientation and geochemical characteristics of these anomalies suggested the existence of a series of tin-bearing east-west veins hitherto undiscovered.

An exploration strategy was formulated to investigate the new prospects and to provide information on extensions of mineralisation around several known deposits. A phased approach was adopted in which low-cost exploration techniques were applied to a wide area, anomalies were highlighted and targets worthy of exploration by more refined, higher-cost methods were identified. Thus at Callington, the area defined as anomalous in the mid-sixties by surface reconnaissance geochemistry was sampled down to bedrock by auger drilling, and where significant values were confirmed, deeper testing was carried out by percussion drilling to depths of 50m. Several of the targets identified by this approach have been further investigated by diamond drilling to depths of 150m. In addition, at Gunnislake a programme of mine rehabilitation followed by geological mapping, channel sampling and an underground diamond drilling programme has been completed.

Board of Directors

Max Robert Lawinsohn, F.C.A., A.T.I.L. (Chairman),
 Downs House, Brighton Road, Banstead, Surrey.
 Gerald Croeland Pengilly, M.B.E., A.C.S.M., C.Eng., F.I.M.M.,
 (Managing Director),
 "Reef Cottage", 30 Forth-an-Nance, Portreath, Nr. Redruth, Cornwall
 Donald George Neville, LL.B.,
 De Tiliens, High Street, Limsfield, Surrey
 Ronald William Potts, T.D., P.,
 Methel, Tredey, Bodmin, Cornwall
 Richard Michael McNeil Williams, F.C.A.,
 Hazell Farm, Stood Green, Wisborough Green, Sussex.

Company Secretary and Registered Office

Malcolm Roger Smith, F.C.A.,
 3 Katharine Street, Croydon CR0 1NX

Geological and Mining Consultants

Robertson Research International Limited,
 Ty'n-y-Coed, Llanrhos, Llandudno, Gwynedd, North Wales LL30 1SA

Stockbrokers

Rowe Rudd & Co.,
 63 London Wall, London EC2M 5UQ

Bankers

National Westminster Bank Limited,
 41 Lombury, London EC2P 2BP

Resolving Bankers

The Royal Bank of Scotland Limited,
 New Issues Department, 62 Lombard Street, London, EC3P 3DE

Solicitors

Nabarro Nathanson,
 76 Jermyn Street, London SW1Y 6NR
 Auditors and Reporting Accountants
 Berke Cohen Fine & Partners, Chartered Accountants,
 14 John Prince Street, London W1M 9HB

Registrars

The Royal Bank of Scotland Limited,
 31 St. Andrew Square, Edinburgh EH2 2AB

AN APPLICATION FORM IS PRINTED AT THE END OF THIS PROSPECTUS. COPIES OF THE OFFER FOR SALE AND ADDITIONAL APPLICATION FORMS MAY BE OBTAINED FROM:

Rowe Rudd & Co.,
 63 London Wall,
 LONDON EC2M 5UQ.

National Westminster Bank
 Limited,
 St. Andrew's House,
 PLYMOUTH PL4 0AE.

Dundonian Limited,
 Downs House,
 Brighton Road,
 Banstead,
 SURREY SM7 1DE.

The Royal Bank of Scotland
 Limited,
 New Issues Department,
 62 Lombard Street,
 LONDON EC3P 3DE.

The Royal Bank of Scotland
 Limited,
 Registrars Department,
 31 St. Andrew Square,
 EDINBURGH EH2 2AB.

South West Consolidated
 Minerals Limited,
 Tredey,
 Bodmin,
 CORNWALL PL30 4QS.

Exploration to date has produced encouraging results confirming the discovery of a series of undeveloped tin veins at Redmoor. In addition to the known veins at Callington, and has confirmed a level of proven reserves at Gunnislake with every likelihood of both vertical and horizontal extensions present.

Geology and Mineralisation

South-west England is formed of three main rock groups, Devonian (kiles), Carboniferous (cull), and granitic intrusives. Major granitic intrusions lie in a more or less easterly trending belt, from Lendoe End to Doolittle. Evidence points to these isolated granitic bodies being one continuous body at depth connected by a series of buried granitic 'ridges', high points of which are represented by intermediately located smaller intrusions. Tin, tungsten and copper mineralisation, located in veins cutting through granite and gneiss, shows a close spatial relationship to the granitic intrusions.

The regional distribution of economic deposits of mineralisation shows a more specific relationship to high points within the overall granitic structures and to the buried intermediate ridges, where a greater intensity of fracturing within the surrounding rocks has enhanced vein development. The mineral licence areas lie approximately halfway between the Bodmin Moor and Dartmoor granites, adjacent to the Kit Hill and Hington Down intrusives, and thus in an optimum site from a structural viewpoint for vein development. The presence of abundant mineralisation in the area is evident from the ubiquitous presence of old mine workings throughout the region which were established on accessible and easily identified vein structures.

Callington Area

By virtue of its size, the Callington area is best divided into three sub-regions for consideration. Exploration results to date suggest that each of these sub-regions could develop into major mining areas in their own right.

1 Redmoor Mine (Figure 3)

For much of the last century Redmoor was one of the centres of Cornish mining, supporting a number of independent mines producing copper, tin, lead and silver. Most production dwindled during the 1880's in the wake of low metal prices (following the discovery of large scale tin and copper deposits abroad), and the difficulty of separating out tungsten (of no commercial value in those days) which was interbedded with tin at depth.

The area contains at least fourteen east-west trending tin and copper veins which are intersected in the west by a major north-south crosscourse carrying lead and silver. Historical records show that veins were worked over an average strike length of some 500m, but to a depth of only 200m, which suggests that the mines were just reaching the principal tin zone at the time of their closure. In common with other areas in Cornwall, it seems that the vein structures consist of a copper zone near surface, passing down through a copper-tin zone to a tin-rich zone at depth.

Prior to RRI involvement a thorough assessment of past records and a programme of underground sampling was carried out by a Cornish mining engineer, Mr. C. Sweet, A.C.S.M., C.Eng., F.I.M.M. His work indicated that some 200,000 tonnes of tin and tungsten mineralisation remain in the vicinity of the old workings within 250m of the surface, with every likelihood of substantial additional tonnages of ore at greater depth. Average grades of 1.5 per cent. cassiterite plus 0.85 per cent. wolframite were calculated during this assessment.

In particular, there is the prospect of enriched mineralisation at a depth of about 300m where two of the major lodes in the area, Johnson's Lode and Great South Tin Lode, may intersect. These lodes, which are 1-2m and 3m in width respectively, run parallel in an east-west direction but dip beneath surface towards each other.

At Redmoor a strike length of 500m with multiple veins and economic grades within 200m of surface is known from past mining activity. Elsewhere in Cornwall tin has been mined successfully at depths of 1,000m. If deeper drilling here confirms the continuation of the lodes with similar grades of ore, the ultimate potential reserves could be several million tonnes.

2 Blogsters Plantation (Figure 3)

This area extends from the lead-silver crosscourse at Redmoor west to Blogsters and beyond, a distance of about 1,500m over a width of 400m. The target is the westerly extension of the group of lodes worked at Redmoor immediately to the east of the crosscourse. It is believed that the east-west tin lodes have been displaced by the crosscourse, and that to the west the lodes are down-thrown and displaced southwards.

To test this potential an extensive programme of auger sampling and percussion drilling has been carried out, and a limited programme of diamond drilling was recently completed. The percussion drilling generated 315 samples from 28 holes which were analysed for tin, tungsten, copper, lead, silver, zinc and arsenic. Having identified significant tin, silver and zinc mineralisation, seven diamond drillholes were completed at intervals along a strike length of 1,200m to test the structure up to depths of approximately 150m.

All 7 of the diamond drillholes intersected mineralisation associated generally with silvan dykes which again trend in an east-west direction. In several of these, multiple zones of mineralisation were intersected with the best values obtained as follows:-

- 0.75 per cent. tin and almost an ounce of silver over a width of 2.55m.
- 1.42 per cent. tin, 2.13 per cent. zinc and more than an ounce of silver over a width of 1m.
- 0.32 per cent. tin, 7.9 per cent. zinc, 0.2 per cent. copper and almost an ounce of silver over a width of 1.2m.

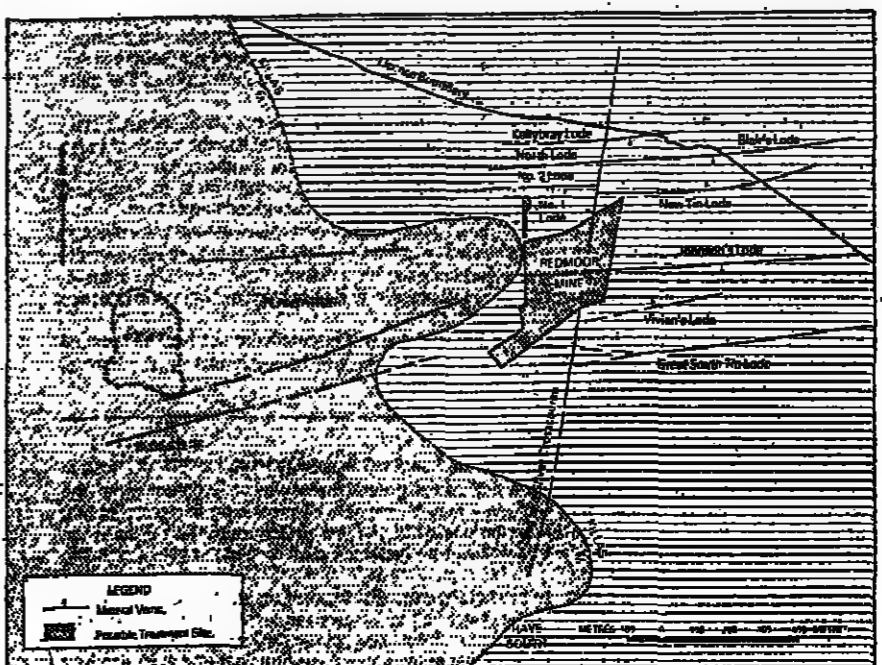


Figure 3: Redmoor Mine and Blogsters Plantation

FIGURE COMPILED AND DRAWN BY ROBERTSON RESEARCH INTERNATIONAL LIMITED

Exploration results have therefore confirmed the presence of a series of undeveloped tin-bearing structures associated with elvan dykes trending east-west throughout the area. There is every reason to believe that the mineralised structures persist in depth. In common with most Cornish lodes the grades of ore vary considerably, and further drilling will be required to predict the overall tin grade. However, the results to date are compatible with the view that a tin grade of 1 per cent. over a width of about 1m may be obtained, with high zinc, copper and silver values also present.

The mineralised structures have been identified over a strike length of 1,200m and to a depth of approximately 150m, which gives inferred reserves in the region of 2 million tonnes. If further drilling proves that the mineralisation persists at greater depths then the ultimate reserve potential could be very substantial indeed.

It should be noted that the Blogsters Plantation area contains two additional targets for future exploration:

- 1 The presence in the middle of this area of multiple veins at surface could indicate the existence of a granite ridge at depth, raising the possibility of the development of a stockwork vein system in the granite below. Such a system would imply greater volumes of mineralisation, large tonnages and efficient low cost extraction methods.
- 2 A further major north-south crosscourse which intersects the area to the west of Blogsters could contain lead and silver in a similar manner to the crosscourse at Redmoor. Such a lode could support a low tonnage high grade lead and silver mine.

3 Haye South (Figure 4)

This area lies approximately 1 km. to the south of Redmoor, on the projected extension of the lead-silver crosscourse. The target was an east-west group of tin-bearing lodes intersecting the crosscourse with resultant enriched mineralisation as was the case at Redmoor.

To test this potential a programme of auger sampling and percussion drilling was undertaken, followed by diamond drilling in key areas. The percussion drilling generated 87 samples from 8 holes which were analysed in particular for tin, lead, zinc and silver. Five diamond drillholes were completed with samples being taken for analysis at 2m intervals. Where high metal values were obtained, the core was split longitudinally and analysed in detail.

Exploration results from percussion drilling identified a strongly mineralised structure containing high tin and silver values over a strike length of about 250m. In this case, however, deeper diamond drilling indicated that the mineralisation did not follow the expected pattern of vertical east-west trending tin veins, and confirmed that the mineralisation remained richer closer to the surface. Subsequent discussions concerning this area have led to a re-appraisal of exploration results and a new geological interpretation has recently emerged.

It has recently been recognised that low angle thrusting is a feature of the contact between Devonian and Carboniferous rocks in south-west England. Such a sub-horizontal thrust plane would be a highly favourable location for mineralisation, and it is suggested that the mineralisation at Haye South could occupy a series of sub-horizontal fractures running parallel to the contact between the rock types. Careful re-examination of the percussion and diamond drilling results supported this theory with the comparatively high tin and silver values close to surface being correlated well between holes and reverses. The best drill hole encountered more than 0.5 per cent. tin and five ounces of silver over a 3m. intersection (Figure 4).

Mineralised structures of this nature could cover a large part of the Haye South area in view of the rock types present. Confirmation, by extensive drilling, of the sub-horizontal plane of tin and silver mineralisation could lead to the development of a major mine employing low cost extraction methods. To date only 15 per cent. of the Callington area has been explored. Whilst outstanding potential exists in the three sub-regions discussed above, there are further good prospects which warrant exploration in due course. These include Silver Valley, Silver Hill, Florence, Prince of Wales, Lady Ashburton and Combelawn.

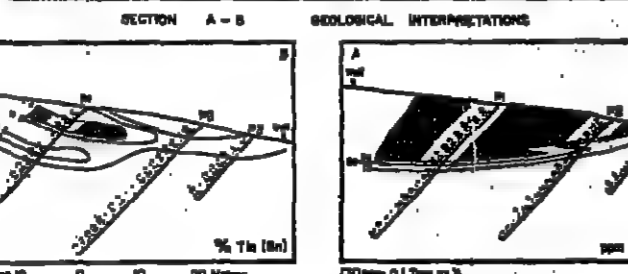
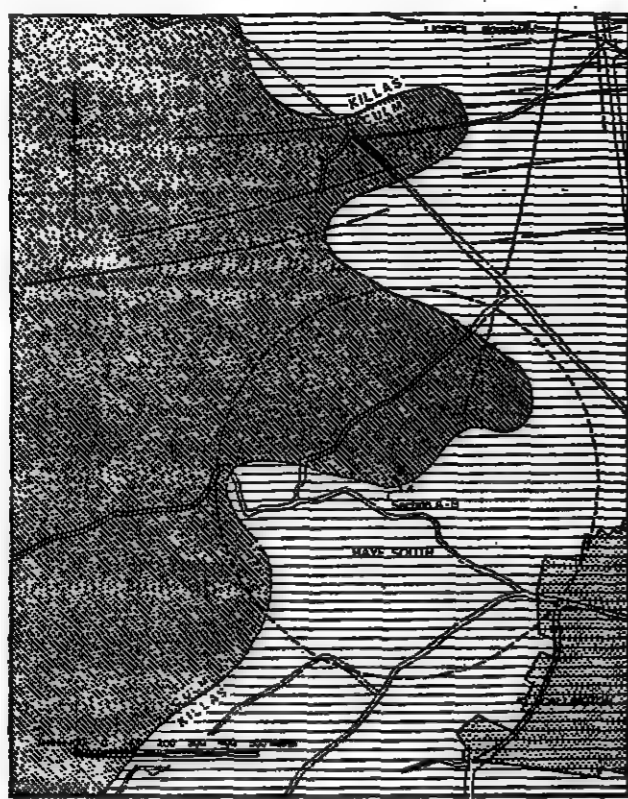


Figure 4. Haye South

FIGURE COMPILED AND DRAWN BY ROBERTSON RESEARCH INTERNATIONAL LIMITED

Gunnislake Area

The Gunnislake area contains at least six vein structures in which tin-tungsten mineralisation is known to exist at combined grades in excess of 1 per cent., and past work has established a modest level of reserves. These deposits show strong indications of extensions to the known body of mineralisation, in part capable of exploration by the continuation of presently accessible underground workings. All of the mineralised structures were investigated as far as surface and underground access would permit in the first instance. However, for reasons of cost-effectiveness it was decided to test the potential of the area by concentrating first on one lode, indicative of the size, with the objective of confirming stated reserves and indicating sufficient extensions to justify a modest mining operation.

To date the mine workings have been rehabilitated, and underground a programme of geological mapping, channel sampling and diamond drilling has been completed. This work has confirmed the level of indicated reserves in the immediate vicinity of the old workings at approximately 37,000 tonnes with a combined tin and tungsten grade of some 1.4 per cent., and inferred reserves of some 60-80,000 tonnes, possibly of a similar grade with extensions at depth most likely. In addition to the work underground, an extensive programme of auger and percussion drilling from surface has been completed. The results have shown that mineralisation extends at least 325 metres to the east of the limit of present mine workings. This mineralisation is probably contained within an easterly plunging ore-shoot typical of the region and its presently undetermined lateral extent at depth may be considerable.

Some preliminary mineral processing testwork showed that good recoveries are attainable using conventional gravity and floatation techniques. While concentrates grades were low in these preliminary test runs, the overall recovery of values and production of saleable concentrates of tin and tungsten from the Gunnislake area is expected to be achieved following further detailed testwork.

Conclusions

The south-west of England has a tradition of mining for tin and base metals, and in SWCM's areas the grades of ore inferred from past work and recent sampling are in excess of 1 per cent. combined tin and tungsten. Grades in certain key areas are yet to be proven, but on present information it appears that production grades after dilution would be commercially viable. In addition, recent drilling has indicated that silver and zinc may well be important products of a successful mining venture.

By its nature and geology Cornish mining does not lend itself to the proving of large reserves in advance of operation. For reasons of cost, beyond a certain point, production tends to go hand-in-hand with exploration and development. However, exploration results to date suggest that inferred reserves are in excess of two million tonnes, with the potential for considerably greater tonnages, possibly in the multi-million tonne range, on proving the lateral and depth extensions of known lodes.

The Callington licence is unique by virtue of its size. To date only some 15 per cent. of the area has been explored, but three outstanding prospects have already been identified. Each one of these, Redmoor Mine, Blogsters Plantation and Haye South could develop into a major mine in its own right. Smaller prospects such as Silver Valley, Silver Hill, Gunnislake and others, could provide valuable additional ore for a mine which may be established at any one of the three larger opportunities above.

The interests of SWCM offer the opportunity for possible future development of tin, tungsten, zinc and silver mining operations in a stable political climate. This, together with the existence of an established infrastructure, is worth a great deal in economic terms when compared to the cost of new mine development in overseas non-producing countries such as Nigeria, Malaysia or Bolivia. In these countries the cost of establishing a new mine might well be three or four times more expensive than in south-west England for an equivalent sized operation. Furthermore, from an operating point of view, Cornwall has the great advantage of a skilled man-power resource and provides a working environment which is attractive to senior technical management.

Yours faithfully,
ROBERTSON RESEARCH INTERNATIONAL LIMITED
Geological & Mining Consultants

Development Plans

The objective of SWCM is to further explore, develop and bring into early production the several prospects identified by exploration to date. In planning future work it is possible to consider Redmoor Mine and Blogsters Plantation together because the latter area is on the westerly extension of the former, and development of the two together may prove to be feasible, working underground from Redmoor and striking towards the west. Haye South, however, requires separate consideration in view of the quite different sub-horizontal nature of the mineralised structure.

At Redmoor and to the west, a phased programme of diamond drilling to depths of approximately 400m. will be completed. The aim is to intersect the main lodes at depth to establish the width of lodes and grades of ore, with the object of proving the much larger potential reserves indicated by RRI. This will be followed, if results so justify, by full feasibility work which will include more underground development, metallurgical testing, and pilot plant operations to refine processing techniques.

At Haye South, an extensive programme of regional geophysical and rotary percussion drilling is planned to test the full lateral extent of the tin and silver mineralisation. Any further encouraging results here will also lead to feasibility work, including further drilling to fully delineate the mineralised structure, metallurgical testwork to maximise recovery of the minerals present, and pilot plant operations in advance of full commercial production.

Other areas within the SWCM licences, as yet unexplored, will gradually be covered by regional reconnaissance, initially blanket soil geochemistry and geophysics will be interpreted in the light of mineral zoning in order to pinpoint further diamond drilling targets.

Potential Scale of Operations

The eventual scale of operations cannot be predicted until full-feasibility work is well advanced in the licences areas. However, if further exploration proves the potential reserves at Redmoor Mine and Blogsters Plantation, it would indicate that each area may be capable of producing in excess of 600 tonnes of ore per day. Such an operation would be one of the largest underground tin mines in the world, providing the market with substantial quantities of tin metal per annum, plus tungsten, zinc and silver.

Similarly, it is not possible at this stage to predict the potential scale of operations at Haye South. However, if the lateral extent of the sub-horizontal structure persists over an area of 1 sq. km. (about 5 per cent. of the licence area) with an average width of 5m, then extraction at the rate of 2,000 tonnes per day may be feasible. Depending on grades a large tonnage low cost mine of this nature could also be a major tin and silver producer.

It is clear that the development of one or more major new mines would provide a considerable boost to local employment with the creation of several hundred new jobs. In addition, production on this scale would result in substantial benefits to the U.K. economy and provide a significant proportion of the annual tin requirements of British industry.

Financial Considerations

A result of the Offer for Sale, SWCM considers that it will have sufficient capital to carry out further exploration and feasibility work as appropriate in its licence areas, including the main prospects at Redmoor Mine and Blogsters Plantation but excluding Haye South. Based on the scale of operations contemplated this may cost in the region of £3 million.

To finance the exploration and development of Haye South, which may itself amount to £3 million or more, SWCM has concluded a joint-venture arrangement with Amax under which Amax will bear all exploration and feasibility costs in return for a 50 per cent. interest in the Haye South prospect. More details of this agreement are given in the next section.

To encourage mineral exploration the Government has established a scheme of financial assistance for approved projects. It is relevant that to date SWCM's exploration programme has been approved for grant purposes under the Mineral Exploration and Investment Grants Act 1972. This enables SWCM to claim 35 per cent. of qualifying expenditure, and it is the intention to continue working under the auspices of this scheme. Subject to certain conditions, grants are generally written off if an exploration project proves abortive, but are repaid over a period of years out of future revenue if a project proves successful.

SWCM estimates that it requires approximately £2 million over the next two years to carry out the planned programme of exploration and development in its licence areas. Feasibility work at Redmoor Mine, Blogsters Plantation and Haye South is estimated to take between two and three years to complete, and thereafter additional capital of £12-15 million may be required to commence production on a commercial scale. At that time SWCM may endeavour to finance such costs by a combination of issuing further share capital and raising term finance from external sources, including possibly U.K. Government or E.E.C. assisted loans. SWCM does not expect to earn significant income from its mining interests until full scale commercial production starts.

Joint Venture Arrangements

SWCM and Amax have agreed to explore, and if appropriate to mine, the Haye-South prospect jointly. Several phases of intensive exploration leading to full feasibility are planned, the costs of which will be borne entirely by Amax. In return Amax will earn the right to a 50 per cent. interest in Haye South and the project will be managed with equal representation from both parties. Amax has the right to withdraw prior to the completion of full feasibility work, in which case 100 per cent. of Haye South reverts without cost to SWCM.

Once a decision is taken following feasibility to go into full scale production both parties will contribute equally to meet the capital costs. However, SWCM has the option to require Amax to meet all capital costs, and in these circumstances SWCM's interest in Haye South would be progressively diluted but it cannot fall below a 15 per cent. carried interest in the project. Provision is also made for the mine to be managed under a joint operating agreement, the terms of which would be finalised by the parties at the appropriate time.

Future Prospects

Tin, tungsten and zinc are base metals which are vital to modern industry. Silver is a precious metal widely used in jewellery apart from its industrial applications. The continuing demand for these metals provides SWCM with a ready market for all its potential output. In the immediate future, therefore, SWCM intends to concentrate on bringing the areas into early production.

SWCM plans to develop as an independent mineral resources company, and will from time to time consider other opportunities should the terms and prospects appear attractive. At present RRI are investigating a number of other areas for SWCM which are mainly in Wales and south-west England and which were actively mined for gold many years ago. The aim is to establish whether any of these areas may be commercially viable in the light of the prevailing gold price. SWCM has no rights in these areas at present, but if encouraging results are obtained it will endeavour to negotiate suitable licences with the Crown.

Proceeds of the Offer for Sale

The proceeds of the issue will amount to £2,750,000 out of which the expenses of the issue totalling approximately £230,000 will be paid. Further amounts from the proceeds will be applied to meet exploration and development expenditure in the Callington and Gunnislake areas over the next two to three years. Funds not immediately committed to the exploration programme will be invested for the benefit of SWCM to increase the total resources available for future exploration and development.

Directors and Management

Max Robert Lawtonson, FCA, ATII, aged 33 is the Chairman of SWCM. He is a Chartered Accountant and Principal of The Maximilian Partnership, Chartered Accountants. He was appointed Chairman in 1977, and is also Chairman of Dundonian, the parent company of SWCM. He is a member of the Cornish Chamber of Mines and has been involved in Cornish mining since 1974.

Gerald Crosland Penfold, MBE, ACSM, C.Eng, FIMM, aged 55, is Managing Director of SWCM. He is a Mining Engineer and the former Managing Director of South Crofty Limited, for whom he worked from 1962 to 1979 running the South Crofty and Pendennis tin mines in Cornwall. He joined the Board of SWCM at the beginning of 1980, and is a former Chairman of the Cornish Chamber of Mines. He is also a Governor of the Camborne School of Mines.

Donald George Neville, LL.B., aged 48, is the Director responsible for legal affairs. He is a Solicitor and a partner in Messrs. Cardale, Solicitors. Formerly a Director of International Systems Research Limited, a management consultancy company, he joined the Board in 1978 and is also a Director of Dundonian.

Ronald William Potts, TD, JP, aged 52, is an Executive Director of SWCM. He is a retired Lt-Colonel, serving with the Duke of Cornwall's Light Infantry (TA). He joined the Board in 1977 and is a member of the Council of the Cornish Chamber of Mines. He has been actively involved in Cornish mineral exploration since 1970, both as a director and a consultant to several exploration projects.

Richard Michael McNeil Williams, FCA aged 35, is the Director responsible for financial affairs. He is a Chartered Accountant and partner in Messrs. Bennetts, Chartered Accountants. He joined the Board in 1978 and is also a Director of Dundonian.

Geological and Mining Consultants

RRI is one of the largest firms of geological and mining consultants with offices in the U.K., Australia, Canada, U.S.A., Singapore and Indonesia. It has considerable experience of tin and tungsten mining in most major producing countries and has undertaken a number of specific assignments in south-west England.

The members of the professional team which has been working on SWCM's exploration programme are as follows:

Name	Qualifications	Profession	Position
Dr. R. R. Bishop	BSc, PhD, FIMM, MAIMM	Geologist	Director of RRI-Mineral
J. L. Gaskell	BSc, MIMM	Geologist	Head of Mineral
P. S. Bridges	BSc, MSc, DIC, MIMM	Geologist	Senior Geologist
J. Emberton	BSc, FGS, MIMM	Geologist	Senior Geologist
S. Davies	BSc, MIMM, MAIMM	Geologist	Senior Mining Engineer
D. Jordan	BSc, MIMM	Geologist	Head of Mineral Process
		Engineer	Studies Unit

Risk Factors

Investment in mineral exploration is speculative. The exploration and development of mineral resources requires substantial investment. Such investment involves a degree of risk and results cannot be predicted. The factors to be taken into account include the following:

- (a) The nature and geology of Cornish mining preclude the proving of substantial reserves in advance of operation.
- (b) Although inferred reserves are stated to exceed two million tonnes in the Callington and Gunnislake areas the ore may prove not to be economically recoverable because of factors which cannot be foreseen until further work is completed.
- (c) The unexplored parts of the Callington area may after investigation prove not to contain any economically recoverable reserves.
- (d) As a small mining company, SWCM may be unable to finance the development of a major mine. In this event, SWCM may be forced to part with a proportion of its beneficial interest to achieve full commercial production.
- (e) The market prices of tin, tungsten, zinc and silver are volatile (Figure 5). Apart from industrial supply and demand, many external factors which cannot be foreseen may have an impact on the market price of these minerals.
- (f) Planning permission to mine in the main areas would be required. Much of the licence area is zoned for mineral development but permission to mine cannot be obtained in advance. Planning permission to explore the main areas has been granted and subsequently extended.

Accounts and Dividends

There is set out in Appendix 1 a copy of the Report by the Auditors and Reporting Accountants showing the financial results of SWCM for the four years ended on 31st March 1980, and a Pro Forma Balance Sheet prepared on the basis that the new shares have been taken up under the Offer for Sale. The accounts indicate that a little revenue has been earned from the processing of minerals. This pattern is likely to continue whilst exploration and development takes place.

No dividends have been paid by SWCM since the date of its incorporation. SWCM's policy with regard to the distribution of future profits will be determined in the light of circumstances once a profitable mining venture has been established.

Premises

SWCM shares office accommodation with its parent company Dundonian at Downs House, Brighton Road, Banstead, Surrey which comprises a 4,000 sq. ft. self contained office building. SWCM also has a local office at Tredey, Bodmin, Cornwall, which is shared with the Tredey Estate as part of the service agreement with Mr. R. W. Potts. As exploration progresses, however, SWCM plans to establish offices on site in the Callington area.

Yours faithfully,
MAX LEWIS ROBINSON,
Chairman

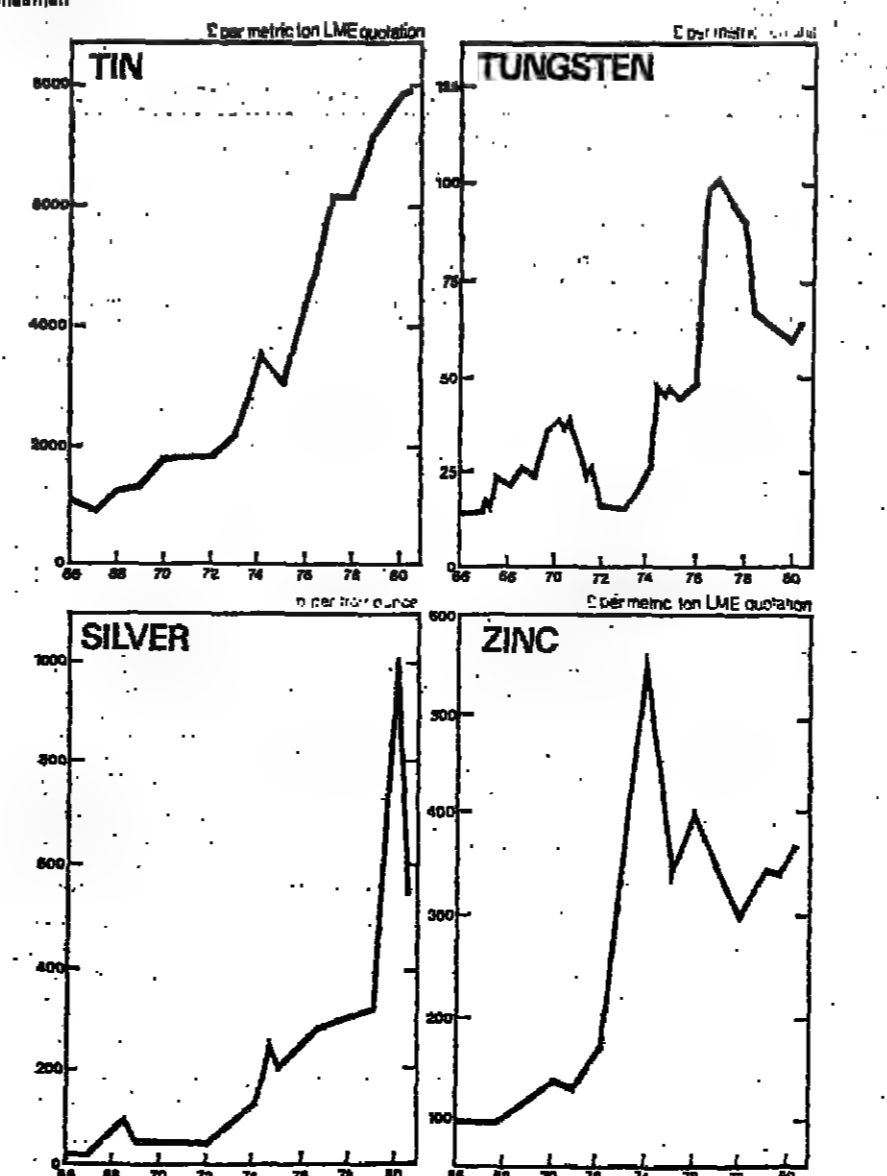


Figure 5. Metal Price Movements

Accountants' Report

The following is a copy of the Report from Birks, Cohen, Fine and Partners, Chartered Accountants:

14 John Prince Street,
London W1M 8JL,
30th May, 1980.

To: Rowe Rudd & Co.,
and
The Directors,
South West Consolidated Minerals Limited.

Gentlemen,
We have examined the accounts of South West Consolidated Minerals Limited (SWCM) for the period from 1st April 1975 to 31st March 1980 which we audited and which were prepared under the historical cost convention. The summarised Profit and Loss Accounts, Balance Sheets and Statements of Source and Application of Funds set out below are based on the audited accounts. No adjustments thereto are considered appropriate.

In our opinion the summaries and the notes thereto give a true and fair view of the state of affairs of SWCM at the dates stated, and of the results of its operations for the periods stated, and of the source and application of funds of SWCM for the periods stated.

As our opinion the summaries and the notes thereto give a true and fair view of the state of affairs of SWCM at the dates stated, and of the results of its operations for the periods stated, and of the source and application of funds of SWCM for the periods stated.

4 The Pro Forma Balance Sheet of SWCM following completion of the Offer for Sale.

Balance Sheets

	Note	1977	1978	1979	1980
Fixed Assets	2	68,833	284,156	1,425,870	3,773,561
Current Assets					
Debtors		35	16,988	108,007	65,019
Cash at Bank		—	—	—	14,427
		68,868	301,144	1,534,877	3,853,007
Current Liabilities:					
Creditors		5,781	3,032	1,213	7,811
Bank Overdraft		19,791	403	2,527	—
		25,572	3,435	3,740	7,811
Net Assets		43,296	297,719	1,531,137	3,845,196
Share Capital	3	20,000	20,000	165,000	165,000
Reserves	4	4,802	5,064	1,065,977	3,107,218
Holding Company	5	18,684	272,865	204,564	440,549
Mineral Exploration Grants	6	—	—	65,586	132,431
		43,296	297,719	1,531,137	3,845,196

Profit and Loss Accounts

	Note	1977	1978	1979	1980
Sales	1a	75,560	13,300	15,167	42,415
Cost of Sales	7	75,076	13,338	14,425	40,198
Profit before Taxation		4,802	462	742	2,217
Taxation	8	—	—	—	—
Profit after Taxation		4,802	462	742	2,217
Balance carried forward		4,802	5,064	5,808	5,023

Statement of Source and Application of Funds

	Note	1977	1978	1979	1980
Source of Funds:					
Profit after Taxation		4,802	462	742	2,217
Capitalisation Issues		20,000	—	300,000	—
Mineral Exploration Grants		18,684	258,861	95,586	236,956
Holding Company		43,296	284,423	328,247	275,037
Application of Funds:					
Additions to Fixed Assets		68,833	218,323	233,543	278,559
Capital Costs		—	—	3,000	30,000
		68,833	218,323	236,543	308,559
Increase (Decrease) in Working Capital		(25,537)	39,100	81,704	(33,632)
Arising from Movements in:					
Debtors		35	16,988	92,009	(43,888)
Creditors		(6,781)	3,740	5,811	(6,596)
Bank Balances		(18,781)	18,358	(2,124)	16,964
		(25,537)	39,100	81,704	(33,632)

Pro Forma Balance Sheet (Note 1)

	£	3,773,561
Fixed Assets		2,589,448
Current Assets		7,811
Current Liabilities		2,891,838
Net Assets		3,365,196
Share Capital		2,400,000
Reserves		3,382,218
Holding Company		440,549
Mineral Exploration Grants		132,431
		6,355,196

NOTES

1 Accounting Policies of SWCM
The principal accounting policies which have been applied consistently in arriving at the financial information set out in this report are:

- a Sales—Sales represent the invoiced amounts of mineral sales to third parties excluding value added tax.
- b Depreciation—Depreciation is calculated to write off the cost of the assets on the following basis:
Mining Licences and Development Costs None
Plant and Equipment Primarily 12.5% reducing
Deferred Taxation—No provision has been made for deferred taxation as no liability is expected to arise in the foreseeable future. The liability which would arise if the fixed assets were disposed of at the amount stated in the accounts is £1,027,664.

2 Fixed Assets

	£	788,368
At Cost		2,877,193
Surplus arising on valuation		2,088,825
Net Book Value at 31st March, 1980		3,773,561

The valuation by the Directors in April 1979 was based upon the report of Robertson Research International Limited, Geological and Mining Consultants dated September 1978, having regard to the mineral reserves pro and inferred and taking account of the likely costs of extraction.

3 Share Capital

	£	500,000
Authorised—5,000,000 Ordinary Shares of 10p each		500,000
Issued and fully paid—1,650,000 Ordinary Shares of 10p each		165,000

4 Reserves

	£	3,107,218
Capital Reserves		2,977,183
Surplus arising on valuation		(863,000)
Capitalisation Issues and Costs		2,824,183
Share Premium Account		475,000
Revenue Reserves		130,035
		3,107,218

5 Holding Company

The ultimate holding company during the period of this report was Dundonian Limited, incorporated in Scotland. The current account is interest free and repayable on demand.

6 Mineral Exploration Grants

Mineral Exploration Grants represent the total amount claimable in accordance with the Mineral Exploration and Investment Grants Act 1972 in respect of expenditure incurred in 31st March, 1980. Such Grants are repayable if exploration is successful.

7 Profit and Loss Accounts

	Note	1977	1978	197
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Capitalization and week's change

(Current market price multiplied by the number of shares in issue for the stock quoted)

* Ex dividend a Fall in F.P. occurs during a corporate price interim payment period. F.P. is a surprise. Dividend and yield change. A special payment is sent to company. F.P. means a firm's F.P. is a surprise. A capital distribution to F.P. rights. A share of share split. Tax free. Price adjusted for late dealings. No significant data.

